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CORPORATE SOCIAL RESPONSIBILITY IN SELECT CENTRAL PUBLIC SECTOR UNDERTAKINGS (CPSUs)

MINISTRY OF CORPORATE AFFAIRS
AND
MINISTRY OF HEAVY INDUSTRIES AND PUBLIC ENTERPRISES
(DEPARTMENT OF PUBLIC ENTERPRISES)

EIGHTH REPORT

COMMITTEE ON PUBLIC UNDERTAKINGS (2015-16)

SIXTEENTH LOK SABHA

LOK SABHA SECRETARIAT
NEW DELHI

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(DEPARTMENT OF PUBLIC ENTERPRISES)

Presented to Lok Sabha on 4th December, 2015
Laid in Rajya Sabha on 4th December, 2015

LOK SABHA SECRETARIAT
NEW DELHI

4th December, 2015/ 13 Agrahayana, 1937(Saka)

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ACRONYMS

1.	BPCL	Bharat Petroleum Corporation Limited
2.	CONCOR	Container Corporation of India Limited
3.	CPSE	Central Public Sector Enterprises
4.	CPSUs	Central Public Sector Undertakings
5.	DPE	Department of Public Enterprises
6.	EWS	Economically Weaker Sections
7.	GAIL	Gas Authority of India Limited
8.	HDI	Human Development Index
9.	HDR	Human Development Report
10.	HLC	High Level Committee
11.	HPL	Hindustan Prefab Limited
12.	HRD	Human Resources Development
13.	IOCL	Indian Oil Corporation Limited
14.	MCA	Ministry of Corporate Affairs
15.	MLA	Member of Legislative Assembly
16.	MP	Member of Parliament
17.	NFL	National Fertilizers Limited
18.	NHPC	National Hydroelectric Power Corporation Limited
19.	NSSO	National Sample Survey Organisation
20.	NTPC	National Thermal Power Corporation Limited
21.	ONGC	Oil & Natural Gas Corporation Limited
22.	PFC	Power Finance Corporation Limited
23.	PSEs	Public Sector Enterprises
24.	PSU	Public Sector Undertakings
25.	PWD	Persons With Disabilities
26.	RCEE	Rajasthan Council of Elementary Education
27.	REC	Rural Electrification Corporation Limited
28.	RECPDCL	REC Power Distribution Company Limited
29.	RINL	Rashtriya Ispat Nigam Limited
30.	RMSA	Rajasthan Madhyamik Siksha Abhiyan
31.	RVNL	Rail Vikas Nigam Limited
32.	SAIL	Steel Authority of India Limited
33.	SJVN	Satluj Jal Vidyut Nigam Limited
34.	SLPEs	State Level Public Enterprises
35.	TAD	Tribal Area Development
36.	TISS	Tata Institute of Social Science
37.	UNIDO	United Nations Industrial Development Organisation
38.	WBCSD	World Business Council for Sustainable Development

COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2015 – 2016)

Shri Shanta Kumar - ***Chairperson***

MEMBERS

Lok Sabha

2. Shri L.K. Advani
3. Shri Ramesh Bais
4. Shri Pankaj Chaudhary
5. Shri Nand Kumar Singh Chauhan
6. Shri Biren Singh Engti
7. Shri Feroze Varun Gandhi
8. Dr. Khambhampati Haribabu
9. Shri Baijayant Panda
10. Shri Prahlad Patel
11. Shri Rayapati Sabmbasiva Rao
12. Shri Ram Sinh Rathwa
13. Prof. Saugata Roy
14. Shri B. Senguttuvan
15. Shri Sushil Kumar Singh

Rajya Sabha

16. Shri Narendra Budania
17. Shri Muthukaruppan
18. Shri Praful Patel
19. Shri Rangasayee Ramakrishna
20. Shri C.M. Ramesh
21. Shri Tapan Kumar Sen
22. Shri Ramchandra Prasad Singh

SECRETARIAT

1. Smt. Sudesh Luthra - Joint Secretary
2. Smt. Anita B. Panda - Director
3. Shri G.C. Prasad - Deputy Secretary

COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2014 – 2015)

Shri Shanta Kumar - ***Chairperson***

MEMBERS

Lok Sabha

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4. Shri Pankaj Chowdhary
5. Shri Nand Kumar Singh Chauhan
6. Shri Biren Singh Engti
7. Shri Dilipkumar Mansukhlal Gandhi
8. Dr. Kambhampati Haribabu
9. Shri Yogi Aditya Nath
10. Shri Baijayant Panda
11. Shri Prahlad Patel
12. Shri Ram Sinh Rathwa
13. Shri Rayapati Sambasiva Rao
14. Prof. Saugata Roy
15. Shri B. Senguttuvan

Rajya Sabha

16. Shri Naresh Agrawal
17. Shri Narendra Budania
18. Shri Majeed Memon
19. Shri Muthukaruppan
20. Shri Rangasayee Ramakrishna
21. Shri C. M. Ramesh
22. Shri Tapan Kumar Sen

COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2013-2014)

Shri Jagdambika Pal - *Chairperson*

MEMBERS

Lok Sabha

2. Shri Hansraj Gangaram Ahir
3. Shri Praveen Singh Aron
4. Shri Sanjay Bhoi
5. Smt. Shruti Choudhary
6. Shri Bansa Gopal Chowdhury
7. Shri Raja Ram Pal
8. Shri Adhalrao Shivaji Patil
9. Shri Rajendrasinh Rana
10. Shri Nama Nageswara Rao
11. Shri Magunta Sreenivasulu Reddy
12. Prof. Saugata Roy
13. Smt. Sushila Saroj
14. Shri Uday Singh
15. Shri Bhisma Shankar alias Kushal Tiwari

Rajya Sabha

16. Shri Naresh Agrawal
17. Shri Anil Desai
18. Shri Janardan Dwivedi
19. Shri Naresh Gujral
20. Shri Mukhtar Abbas Naqvi
21. Shri Tapan Kumar Sen
22. Dr. Janardhan Waghmare

COMPOSITION OF THE COMMITTEE ON PUBLIC UNDERTAKINGS (2012 – 2013)

Shri Jagdambika Pal - *Chairperson*

MEMBERS

Lok Sabha

2. Shri Hansaraj Gangaram Ahir
3. Shri Ambica Banerjee
4. Shri Bansa Gopal Chowdhury
5. Dr. Mahesh Joshi
6. Shri Shailendra Kumar
7. Dr. (Smt) Botcha Jhansi Lakshmi
8. Shri Vilasrao Baburaoji Muttemwar
9. Shri Adhalrao Shivaji Patil
10. Shri Ponnam Prabhakar
11. Shri Rajendrasinh Rana
12. Shri Nama Nageswara Rao
13. Shri Uday Singh
14. Dr. Prabha Kishor Taviad
15. Shri Bhisma Shankar alias Kushal Tiwari

Rajya Sabha

16. Shri Tariq Anwar *
17. Shri Anil Desai
18. Shri Janardan Dwivedi
19. Shri Naresh Gujral
20. Dr. V. Maitreyan
21. Shri Mukhtar Abbas Naqvi
22. Shri T.M. Selvaganapathi

* Ceased to be a Member of the Committee consequent upon his appointment as Union Minister w.e.f. 28.10.2012.

COMPOSITION OF THE

COMMITTEE ON PUBLIC UNDERTAKINGS (2011-2012)

Shri Jagdambika Pal - *Chairperson*

MEMBERS

Lok Sabha

2. Shri Hansraj G. Ahir
3. Shri Vijay Bahuguna
4. Shri Ramesh Bais
5. Shri Ambica Banerjee
6. Shri Shailendra Kumar
7. Smt. Ingrid Mcleod
8. Shri Vilas Baburao Muttemwar
9. Shri Baijayant Panda 'Jay'
10. Shri Adhalrao Shivajirao Patil
11. Shri Ponnam Prabhakar
12. Shri Nama Nageswara Rao
13. Shri Uday Singh
14. Dr. Prabha Kishor Taviad
15. Shri Bhisma Shankar alias Kushal Tiwari

Rajya Sabha

16. Shri Janardan Dwivedi
17. Shri Pyarimohan Mohapatra
18. Shri Mukhtar Abbas Naqvi
19. Dr. Bharatkumar Raut
20. Ms. Mabel Rebello
21. Shri Tapan Kumar Sen
22. Shri N.K. Singh

INTRODUCTION

I, the Chairperson, Committee on Public Undertakings (2015-16), having been authorized by the Committee to submit the Report on their behalf, present this Eighth Report on 'Corporate Social Responsibility in select CPSUs'.

2. The predecessor Committee on Public Undertakings (2011-12) took up the subject for detailed examination and report. The subject was subsequently carried forward by the successor Committees in 2012-13, 2013-14, 2014-15 and 2015-16. The subject gained further significance in the light of the fact that the Government has now made the CSR provisions mandatory for both CPSUs and Private Companies through the Companies Act, 2013.

3. The Committee on Public Undertakings (2015-16) took oral evidence of the representatives of the Ministry of Corporate Affairs, Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) and 13 select CPSUs during 2015-16 *viz.* NHPC, PFC, CONCOR, BPCL, RVNL, SAIL, REC, GAIL, ONGC, RINL, SJVN, IOCL and NFL.

4. The Committee considered and adopted the draft Report at their sitting held on 27 November, 2015.

5. The Committee wish to express their thanks to the representatives of Ministry of Corporate Affairs and Ministry of Heavy Industries and Public Enterprises(Department of Public Enterprises) and the representatives of the above 13 CPSUs for tendering evidence and furnishing the requisite information in connection with the examination of the subject.

6. The Committee also wish to express their sincere thanks to the predecessor Committees for their endeavours in examination of the subject.

7. For facility of reference and convenience, the Observations / Recommendations of the Committee have been printed in bold letters in Part-II of the Report.

New Delhi:
01 December, 2015
10 Agrahayana, 1937(S)

SHANTA KUMAR
Chairperson,
Committee on Public Undertakings

PART- I

R E P O R T

INTRODUCTORY

1 The Indian economy has made giant strides and, as per the Economic Survey 2014-15, a historic moment of opportunity has been created to propel India into a double digit growth trajectory, which will allow the Country to attain the fundamental objective of 'wiping every tear from every eye' of the still poor and vulnerable. It is because sixty-eight years after Independence, poverty still remains one of India's largest and most pressing problems. Such challenges are needed to be met with the concept of *'inclusive growth'*.

2 The importance of inclusive growth is now widely recognized as an essential part of India's quest for development. It reiterates the country's commitment to include such sections of the society in the growth process, which have remained excluded from the mainstream of development. In line with this national endeavour, Corporate Social Responsibility (CSR) has been conceived as an instrument for integrating social, environmental and human development concerns in the entire value chain of corporate business. In present times, the Companies operating in a country's economy are not judged anymore by their financial performance only; but also by their positive actions towards their stakeholders, environment and the society. In other words they are judged also by how socially responsible they are. Thus CSR is a Company's responsibility towards the community, particularly the marginalized sections, and the social and ecological environment in which it operates.

3 CSR is not a new concept in India. Ever since its inception, Companies have been involved in serving the community. On their part, the Ministry of Corporate Affairs(MCA), which is responsible to regulate corporate affairs in India through the Companies Act, 1956, 2013 and other allied Acts, Bills and Rules, had issued "Voluntary Guidelines on Corporate Social Responsibility,

2009" as a first step towards mainstreaming the concept of Business Responsibilities. This was further refined subsequently, as "National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business, 2011".

4 With the enactment of the Companies Act, 2013 containing CSR provision under Section 135, the mandate for CSR has now become a part of corporate governance in the country. The inclusion of the CSR mandate under the Act is an attempt to supplement the Governments efforts of equitably delivering the benefits of growth and to engage the Companies with the country's development agenda. Under the Act, Companies crossing certain threshold limit have to spend at least two per cent of their average net profit made during three immediately preceding financial years, on CSR activities every year. As per the Department of Public Enterprises, Ministry of Heavy Industries and Public Enterprises, which is the nodal Department for CPSEs, in 2013-14, there were 131 CPSEs which qualified under the Act for undertaking CSR, and their total amount for the same was Rs.3683.37 crore. Though all Companies, public or private, are covered under the Companies Act, 2013, the thrust of the present report remains on Central Public Sector Undertakings/Enterprises (CPSUs/CPSEs) as per the mandate of the Committee on Public Undertakings.

5 Apart from MCA and DPE, the administrative Ministry of a CPSU has to ensure that appropriate allocation is made for CSR. This apart, the legislation places the entire decision making on CSR at the level of the Board of the CPSU and the CSR Committee of the Board for ensuring that CSR is given higher priority. The CSR activities of a Company are to be undertaken in project mode so that there are clear and objective deliverables, close and sustained monitoring and fair evaluation of impacts.

6 As per the Ministry of Corporate Affairs website, the growth of the corporate sector has been tremendous. It can be gauged from the fact that in 2013-14, 98437 new companies were registered under the Company's Act, 2013. Though the MCA and DPE have so far not been maintaining data with respect to amount spent so far on CSR by CPSUs and private companies, it can safely be presumed that an enormous amount would be available every year in the

Companies' budget to undertake CSR activities, in compliance of Section 135 of the Companies Act, 2013.

7 It is in this background that the Committee on Public Undertakings selected the subject 'Corporate Social Responsibility in select CPSUs' for comprehensive examination. Though, according to the MCA & DPE, the year 2014-15 is the first year of compliance of Section 135 of the Act, the assessment would be available only after December, 2015 when CPSUs present their annual reports for the current year, the Committee called for and analyzed the data/inputs with regard to allocation and utilization of CSR allocations by the CPSUs. The Committee have finalised their recommendations/observations, which are elaborated in the report, after detailed consultations with selected CPSUs and concerned Ministries/Departments.

Implementation of Corporate Social Responsibility – Provisions made in Companies Act, CSR Rules and Guidelines

8. The Ministry of Corporate Affairs had issued "Voluntary Guidelines on Corporate Social Responsibility, 2009" as a first step towards mainstreaming the concept of Business Responsibilities. The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs (MCA) in July, 2011, is essentially a set of nine principles as given below, that offer Indian businesses an understanding and approach to inculcate responsible business conduct :-

i) conduct and govern themselves with ethics, transparency and accountability.

ii) provide goods and services that are safe and contribute to sustainability throughout their life cycle.

iii) promote the well-being of all employees.

iv) respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

v) respect and promote human rights.

vi) protect and make efforts to restore the environment.

vii) when engaged in influencing public and regulatory policy, they should do so in a responsible manner.

viii) support inclusive growth and equitable development.

ix) engage with and provide value to their customers and consumers in a responsible manner.

9. These Guidelines not being prescriptive in nature, nevertheless seek to guide Indian businesses to take into account Indian social and business realities and the global trends, while promoting their businesses.

10. Principle (viii) of the NVGs on "inclusive growth and equitable development" focuses on encouraging business action on national

development priorities, including community development initiatives and strategic CSR based on the shared value concept.

11. As per the information furnished by MCA, SEBI mandated disclosure of Business Responsibility Report (BRR) by top 100 listed Companies, in August, 2012.

12. The Ministry of Corporate Affairs, in their written replies, has stated that the 21st Report of the Parliamentary Standing Committee on Finance is one of the prime movers for bringing the CSR provisions within the statute. It was observed by the Standing Committee, that annual statutory disclosures on CSR required to be made by the Companies under the Act would be a sufficient check on non-compliance.

13. Although CSR activities were being undertaken by many CPSUs in the past even before issue of CSR Guidelines by DPE, CSR provisions were incorporated under the Companies Act, 2013, thereby making the CSR expenditure by Companies including CPSUs as statutory provisions. Schedule VII of Companies Act, 2013 enlists activities to be undertaken under CSR by companies. In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013, Corporate Social Responsibility Policy Rules were made. All the three were notified on the 27th February, 2014 and came into force from the 1st April, 2014. The copy each of the Section 135 of the Companies Act, 2013 Schedule VII and CSR Rules is given at ***Annexure I, II and III*** respectively. A copy of the Guidelines issued by DPE is given at ***Annexure IV***.

14. As per the information furnished by DPE, all CPSEs shall have to comply with the provisions of the Act and the CSR Rules. Any amendment notified by the Ministry of Corporate Affairs in the CSR Rules, or in Schedule VII of the Act will also be binding on the CPSEs. The Committee have been apprised by DPE that prior to the notification of CSR Rules, DPE Guidelines on CSR and Sustainability issued in December, 2012, were applicable to CPSEs w.e.f. 01.04.2013. In DPE guidelines, CSR and sustainable development were treated as complementary and, therefore, dealt with together. CSR was seen as an important constituent of the overarching framework of sustainability. The present guidelines of DPE are also intended to reinforce the complementarities of CSR and sustainability and to advise the

CPSEs not to overlook the larger objective of sustainable development in the conduct of business and in pursuit of CSR agenda.

Rationale behind notifying the Companies (CSR Policy) Rules 2014

15. CSR activities were being undertaken by many CPSUs in the past even before bringing CSR under the statutory provisions / issue of CSR Guidelines by the Department of Public Enterprises (DPE) / Companies CSR Policy Rules, 2014 by the Ministry of Corporate Affairs (MCA). When asked about the rationale behind enactment and issue of the Companies CSR Policy Rules, 2014, the MCA in their written replies informed as under:-

a. *"CSR activities will now be carried out in a structured and coordinated manner;*

b. *They will be carried out in line with the mandate of strategic CSR as opposed to mere charity, donations etc. or spreading the amounts thinly.*

c. *CSR activities will be in project mode so that these are clear and objective deliverables, close and sustained monitoring and fair evaluation of impacts.*

d. *The benefits of CSR activities are more likely to flow to the needy, the deprived, the poor and the marginalized.*

e. *Commercial entities have greater efficiencies in undertaking expenditures and are able to bring in innovation and "out of the box" thinking.*

f. *There will now be a platform for integrated reporting and feedback in a common format which will enable comparison and analysis.*

g. *For the first time ever, it would be possible to collate and compile results to arrive at a national picture and take stock, year on year, as to the progress of CSR spending.*

h. *The cooperation and role of Civil Society Organizations will be highlighted so that they play a significant and key role in delivering results at the grass roots levels.*

i. It will be possible to track the progress and rate of expenditure and see where and to which parts of the country CSR funds are flowing. This will enable the comprehensive mapping of CSR expenditure.

j. The legislation may lead to greater transparency.

k. Because the legislation places the entire decision making on CSR at the level of the Board and the CSR committee of the Board, it will foster a culture of ensuring that CSR is given higher priority and will engage the attention of the top most echelons in the decision making hierarchy."

16. When asked about the pros and cons of the CSR activities being made mandatory particularly when the CPSUs were voluntarily undertaking CSR activities, the MCA in written replies stated as under :-

"The Companies Act applies uniformly across companies, including CPSUs. CSR provisions under the Companies Act, 2013 are based on the principle of "Comply or Explain". Disclosure and explanation for not spending is mandatory."

17. On the same query, the DPE responded by stating :-

"By making CSR and Sustainability activities mandatory through a statute, CPSEs are fulfilling their social obligations to the public in a continuous effort. After coming into force of the statutory provisions on CSR vide Companies Act, 2013, it is mandatory for all corporates falling within the ambit of CSR, including CPSEs to implement CSR. The mandatory nature of these provisions has provided the corporates a certain degree of certainty in the flow of funds for CSR enabling them to take up long term and sustainable programmes besides the usual projects."

Applicability of the Companies Act

18. The MCA in written replies have informed that Section 135 of the Companies Act and Rules made thereunder provide for equal treatment of all Companies including the CPSUs.

19. On being asked whether foreign Companies and PSUs of the States are covered under the Companies Act, the MCA stated as under:-

> *"All the provisions of the Companies Act including CSR provisions are applicable to Companies incorporated under the Companies Act, 2013 and previous Company Law's".*

20. As per the clarification given by DPE, the provisions of Section 135 of Companies Act, 2013 on CSR are applicable to all corporates, including CPSEs exceeding the threshold limits as prescribed in the said Section of the Act. As provided in CSR Rules, in the case of foreign companies, the balance sheet filed under sub-clause (b) of Sub-section (1) of section 381 shall contain an Annexure regarding report on CSR.

21. The MCA further clarified that State level Public Sector Enterprises (SLPEs) which are registered under Companies Act are covered under CSR provisions of the Companies Act, 2013.

The threshold crossing for Companies for discharging the obligations of CSR

22. Under Section 135 of the Act, Companies crossing thresholds, *i.e.,*

- Net Worth of INR 500 crore or more; or
- Turnover of INR 1000 crore or more; or
- Net Profit of INR 5 crore or more,

are required to discharge the obligations of CSR. Such Companies have to constitute a CSR Committee of the Board, comprising of three Directors or more with at least one Independent Director. Atleast 2 per cent of the average net profits of the Company made during three immediately preceding financial years are to be spent on CSR activities every year. 'Net Profit' for computation of CSR spends is to be computed as per Section 198 of the Act.

The CSR projects or programmes or activities undertaken in India only shall amount to CSR Expenditure.

23. Further CSR Rules provide as under:-

"(1) Every company including its holding or subsidiary, and a foreign company defined under clause (42) of section 2 of the Act having its branch office or project office in India which fulfills the criteria specified in sub-section (1) of section 135 of the Act shall comply with the provisions of section 135 of the Act and these rules:-

Provided that net worth, turnover or net profit of a foreign Company of the Act shall be computed in accordance with balance sheet and profit and loss account of such company prepared in accordance with the provisions of clause (a) of sub-section (1) of section 381 and section 198 of the Act."

24. Sub-section 5 of Section 135 provide as under:-

"The Board of every Company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the Company made during the three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy:

Provided that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the Company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount."

Section 134(7 & 8) of the Companies Act further provides as under:-

"(7) A signed copy of every financial statement, including consolidated financial statement, if any, shall be issued, circulated or published along with a copy each of— (a) any notes annexed to or forming part of such financial statement; (b) the auditor's report; and (c) the Board's report referred to in sub-section (3).

> *(8) If a Company contravenes the provisions of this section, the Company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the Company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.*"

25. MCA in the written replies has stated that the purpose and intent of legislation is to provide an enabling environment in which Corporate entities usher in a culture of compliance and commitment to CSR and to adjust and accommodate with the provisions of the new legislation. Since the legislation provides many new perspectives and a completely revised and modernised architecture, it will take some time for corporate entities to re-adjust, re-discover and re-orient their approach and strategy. Hence the current view is to encourage commercial and public enterprises to come on board and start implementing CSR activities in line with the new directives. The implementation of the CSR provisions is also subject to audit of the Company.

26. On a specific query as to who will be implementing authority for the purpose of the aforesaid Section 134, the Secretary, MCA during deposition stated that it is the Registrar of Companies.

Definition/ Interpretation of terms

Definition of the term 'Corporate Social Responsibility'

27. The Ministry of Corporate Affairs (MCA) in their written replies have stated that although the term Corporate Social Responsibility has not been formally defined in Section 135 of the Companies Act 2013, a suitable definition in the Indian context in consonance with the current framework would be:-

> *"CSR is an approach adopted by profit making companies to dedicate a portion of their profits to the common social good so as to give back to the society within which they operate. This is a strategic approach which goes beyond philanthropy and mere compliance with law. It aligns the CSR activities of Companies, conducted in project mode, with the inclusive development goals of the nation. The key point is that CSR*

activities are over and above the Companies' normal course of business. Further CSR Rules provides that subject to provisions of sub-section (5) of section 135 of the Act, the CSR projects or programmes or activities undertaken in India only shall amount to CSR Expenditure."

28. In the global context, the World Business Council for Sustainable Development (WBCSD) defines CSR as "the continuing commitment by business to contribute to economic development while improving the quality of life of the workforce and their families as well as of the community and society at large." According to the United Nations Industrial Development Organisation (UNIDO), "Corporate social responsibility is a management concept whereby companies integrate social and environmental concerns in their business operations and interactions with their stakeholders. CSR is generally understood as being the way through which a company achieves a balance of economic, environmental and social imperatives (Triple-Bottom-Line Approach), while at the same time addressing the expectations of shareholders and stakeholders. In this sense it is important to draw a distinction between CSR, which can be a strategic business management concept, and charity, sponsorships or philanthropy. Even though the latter can also make a valuable contribution to poverty reduction, will directly enhance the reputation of a company and strengthen its brand, the concept of CSR clearly goes beyond that."

29. The High Level Committee formed by the Ministry of Corporate Affairs in the Report have observed that "the importance of inclusive growth is now widely recognized as an essential part of India's quest for development. It reiterates our firm commitment to include those sections of the society in the growth process which had hitherto remained excluded from the mainstream of development. In line with this national endeavor, Corporate Social Responsibility was conceived as an instrument for integrating social, environmental and human development concerns in the entire value chain of corporate business."

30. As per the data furnished in Economic Survey 2014-15, the latest estimates of poverty are available for the year 2011-12. These estimates have been made following Tendulkar Committee methodology using household consumption expenditure survey data collected by the NSSO in its sixty-eighth round (2011-12). Over a span of seven years the incidence of poverty

declined from 37.2 per cent to 21.9 per cent in 2011-12 for the country as a whole, with a sharper decline in the number of rural poor.

31. The Economic Survey also mentions about Human Development viz.-a-viz. International Comparison. It has been mentioned that the 2014 Human Development Report (HDR) presents the Human Development Index (HDI) values and ranks for 187 countries in terms of three basic parameters: to live a long and healthy life, to be educated and knowledgeable, and to enjoy a decent standard of living. India's HDI value for 2013 is 0.586, positioning the country at 135 out of 187 countries and territories—the lowest among the BRICS countries, with Russia at 57, Brazil at 79, China at 91, and South Africa at 118, and slightly ahead of Bangladesh and Pakistan. Significantly, while China improved its ranking by ten places between 2008 and 2013, India's position improved by just one rank.

Role and responsibility of MCA and DPE in implementation of the CSR provisions

32. DPE in the replies has stated that the task of monitoring of CSR activities is the responsibility of their respective administrative Ministries/Departments. On the other hand MCA in the replies has stated that the Companies Act, 2013 empowers the MCA to ensure compliance of the Companies Act and Rules made thereunder by the corporates which includes CPSUs. Further DPE has issued certain guidelines which are stated to be aligned with the CSR provisions of the Companies Act, including Schedule VII. When asked about the specific role and responsibilities of Department of Public Enterprises and Ministry of Corporate Affairs with regard to compliance/implementation of the provisions relating to CSR, the Committee have been apprised by MCA that they are responsible for working and administration of various provisions of Companies Act including those of Corporate Social Responsibility (CSR) contained in Section 135 of the Companies Act, 2013. Besides the MCA is responsible for facilitating the process of CSR implementation by Companies and ensure compliance of Companies with respect to annual disclosure on CSR by Companies.

33. MCA has further stated that it is responsible for collating and compiling the information on CSR implementation by companies from the Annual Returns of Companies that are being filed with this Ministry.

Allocation/Utilization of CSR Budget by CPSUs

34. DPE in the written information furnished to the Committee has stated that as per the data available in the Public Enterprises Survey 2013-14 published by the Department of Public Enterprises, 131 CPSEs which exceed the threshold limits for undertaking CSR as prescribed in Section 135 of the Companies Act, 2013 in respect of 2% of average net profit in the three immediately preceding years works out to Rs. 3683.73 crore. DPE has further stated that the data for the year 2014-15 is yet not available. With regard to the utilization status of CSR funds, DPE has stated that the utilization status of CSR funds allocated by CPSEs would be known towards the end of December, 2015 when Annual CSR Reports in prescribed format are furnished by all CPSEs. Further, the CPSE-wise data on total allocation, utilization, carry forward funds is not maintained centrally in the Department of Public Enterprises.

35. The Committee examined 13 CPSUs in the context of examination of the subject. With regard to allocations made during the year 2014-15, these 13 CPSUs allocated Rs.2159.75 crore under CSR which include carry forward amount of unspent amount of previous years, out of which Rs.1021.44 crore was spent thereby leaving Rs.1138.31 crore as unspent amount. A detailed statement indicating the CSR Budget allocation, utilization, unspent amount, major CSR activities carried out by 13 CPSUs is given at ***Annexure-V.*** There were certain glaring instances among the CPSUs examined by the Committee where the percentage of expenditure out of allocated CSR budget was too less. To site few instances that PFC could spend only Rs.1.93 crore out of the CSR budget allocation of Rs.11.89 crore during 2010-11. Similarly, PFC could spend only Rs.51.68 crore against CSR budget allocation of Rs.117.49 crore during 2014-15. SAIL also could spend only Rs.35.04 crore out of its CSR budget of Rs.78 crore during 2014-15. Similarly, CONCOR could spend only Rs.1 crore out of its CSR budget provision of Rs.3.93 crore and NHPC could spend only Rs.4.4 crore out of its CSR budget of 10.5 crore during 2010-11.

Carry forward of unspent amount

36. DPE Guidelines provide that it would be mandatory for all CPSEs which meet the criteria as laid down in Section 135(1) of the Act, to spend at least 2% of the average net profits of the three immediately preceding financial years in pursuance of their CSR activities as stipulated in the Act and the CSR Rules. This stipulated percentage of average net profits is to be spent every year in a manner specified in the Act and CSR Rules. In case a Company fails to spend such amount, it shall have to specify the reasons for not spending it. However, in case of CPSEs mere reporting and explaining the reasons for not spending this amount in a particular year would not suffice and the unspent CSR amount in a particular year would not lapse. It would instead be carried forward to the next year for utilization for the purpose for which it was allocated.

37. Rural Electrification Corporation Limited in the post evidence replies furnished to the Committee has stated that the Company offered its comments to DPE stating that some of the proposed Guidelines appears to be more stringent and restrictive than the underlying Companies Act, which could create hardship for CPSE while implementing the same, besides putting CPSE's at a relative disadvantage viz a viz private sector Companies governed under same Act. It was suggested by the Company that mandatory spending of allocated CSR funds by CPSE's within the year itself (as against reporting reasons for shortfall, if any) may not be insisted upon as some time planned disbursements against sanctioned project may not take place in that year due to reasons beyond their control.

38. On a specific query, the Secretary, MCA with regard to legal position in respect of rolling over of unspent balances, during the course of deposition stated that it has to be spent within a year, if it is not spent, then it can lapse as far as normal Companies are concerned.

39. The Ministry of Corporate Affairs constituted a High Level Committee (HLC) to suggest measures for monitoring the progress of implementation of Corporate Social Responsibility policies by Companies at their level and by the Government under the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder. On the issue of carry forward of unspent amount in a year under CSR, the High Level Committee in its report has

stated that in many cases, time taken in the implementation of CSR activities could be long, leaving unspent amounts at the end of a financial year. This may be allowed to be carried forward and clarification to this effect be issued. CPSUs are already required to carry forward their unspent CSR funds, under DPE Guidelines. On the same analogy, private Companies must also be permitted to carry forward unspent balance of CSR funds. However, there should be a sunset clause of five years, after which the unspent balance should be transferred to one of the funds listed in Schedule VII.

Anomaly in the allocation made under CSR during the year 2014-15 by ONGC

40. The details of the allocations made by ONGC under CSR have been given in *Annexure-V*. The analysis of the data indicates that net-profit for three years viz.2011-12, 2012-13 and 2013-14 comes to Rs.64973 crore. Thus the mandatory 2% allocation under CSR for the year 2014-15 comes to Rs.433.15 crore. ONGC has shown Rs.1405.58 crore as CSR allocations which comprises of Rs.744.97 crore as unspent amount and Rs.660.61 crore as CSR budget for 2014-15. It may be seen that ONGC's carry forward amount is more than the annual CSR allocation of 2014-15. Even during 2013-14 ONGC's carry forward unspent budget of previous years was more than its annual CSR allocation. Similarly, even in case of NHPC, it is observed that its carry forward unspent CSR budget of previous year during 2011-12 and 2013-14 was more than its annual CSR allocations. Similar, higher carry forward unspent amounts are noticed in case of RINL during 2013-14 and in case of NFL during 2012-13.

41. In this regard, MCA in the replies has stated that if the unspent amount of the CSR allocation of a company is carried forward to the next year, this should be over and above the required allocation (2% of the average net profit of the preceding three financial years) of the next financial year.

CSR Reporting

42. Para 8 and 9 of the CSR Policy Rules, 2014 provides as under :-

"8. CSR Reporting :-

(1) The Board's Report of Company covered under these rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure.

(2) In case of a foreign company, the balance sheet filed under sub-clause (b) of sub-section (I) of section 381 shall contain an Annexure regarding report on CSR.

9. Display of CSR activities on the website:-

The Board of Directors of the Company shall, after taking into account the recommendations of CSR Committee, approve the CSR Policy for the Company and disclose contents of such policy in its report and the same shall be displayed on the Company's website, if any, as per the particulars specified in the Annexure."

The copy of the format of reporting is given in ***Annexure- VI.***

Penalty for not complying the provisions relating to CSR as per Section 135 of the Companies Act, 2013

43. Second proviso to Section 135 (5) of the Companies Act, 2013 provides that if the Company fails to spend such amount (CSR allocation), the Board shall, in its Report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

44. Section 134 (3) (o) provides that there shall be attached to statements laid before a Company in general meetings, a report by its Board of Directors, which shall include :–

"The details about the policy developed and implanted by the Company on corporate social responsibility initiatives taken during the year".

45. For non-compliance of the provisions made under the Companies Act, 2013, Section 134 (8) of the Act provides as under "

"if a Company contravenes the provision of this Section (Section 134), the Company shall be punishable with fine which shall not be less than fifty

thousand rupees but which may extend to twenty-five lakh rupees and every officer of the Company who is in default shall be punishable with imprisonment for a term which may extend to three years of with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both".

46. The Secretary, MCA during the course of deposition stated as under :-

"If they (Company) do not provide an explanation then provision 134 (8) provides for punishment that shall not be less than Rs.50,000."

47. On a specific query during the course of deliberations as to who will implement the provision of Section 134(8), the Secretary, MCA stated that it is the 'Registrar of Companies'.

48. MCA in the written replies has stated as under :-

"The Parliamentary Standing Committee on Finance in its 57th Report on Companies Bill 2011' submitted in August, 2012 made the following observations in respect of Clause 135 of Companies Bill 2011 :

Clause seems to provide a security valve for Companies by stating under sub point (5), this if a company fails to meet the desired standard, it may get away by providing the reason. Such a statement may, in practice, defeat the very purpose of Clause 135".

49. MCA in the written replies has further given their comments on the observations of the aforesaid recommendations of the Parliamentary Standing Committee as under :-

"Keeping in view the need for balancing of various interest involved, the provisions on CSR as provided in Clause 135 of the Bill read with Schedule VII to it appear to be reasonable. It may be appreciated that with these provisions included in the Companies Act, India will be the first country to include provisions on CSR in this Company Law. The provisions may be reviewed after enactment of the legislation and watching the experience of Companies covered under Clause 135".

Activities undertaken under CSR

50. Section 135 (3) (a) of the Companies Act, 2013 provides as under :-

"The Corporate Social Responsibility Committee shall :-

(a) formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII (as given at Schedule VII)"

51. CSR Rules provide for the negative list for CSR. It has been stated that the CSR projects or programmes or activities that benefit only the employees of the Company and their families shall not be considered as CSR activities in accordance with section 135 of the Act. Besides the CSR activities shall be undertaken by the Company, as per its stated CSR Policy, as projects or programmes or activities (either new or ongoing), excluding activities undertaken in pursuance of its normal course of business. CSR Rules also provide that Companies may build CSR capacities of their own personnel as well as those of their Implementing agencies through Institutions with established track records of at least three financial years but such expenditure including expenditure on administrative overheads, shall not exceed five percent of total CSR expenditure of the Company in one financial year. Besides contribution of any amount directly or indirectly to any Political Party under section 182 of the Act, shall not be considered as CSR activity.

52. MCA has issued a set of clarifications with regard to provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013 issued on 18.06.2014 and 17.09.2014. Some of the clarifications as made available to the Committee are reproduced below :-

(i) The statutory provision and provisions of CSR Rules, 2014, is to ensure that while activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act, 2013, the entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities as illustratively mentioned in the Annexure.

(ii) *It is further clarified that CSR activities should be undertaken by the companies in project/programme mode [as referred in Rule 4(1). One-off events such as marathons/ awards/charitable/ contribution/advertisement/sponsorships of TV programmes etc. would not qualify as part of CSR expenditure.*

(iii) *Expenses incurred by Companies for the fulfillment of any Act/Statute of regulations (such as Labour Laws, Land Acquisition Act etc.) would not count as CSR expenditure under the Companies Act.*

53. The analysis of the inputs/data as furnished by CPSUs examined by the Committee indicated as under :-

(i) CSR allocations are spent on the activities which do not qualify as CSR, for example, SJVN Limited has made CSR allocations for Support to Municipal Corporation Shimla for Infra works/Beautification of Shimla and Social studies/publication of articles/reports of journals. Indian Oil in the information furnished to the Committee has allocated some outlay under CSR for Nomination fee for CSR for Think Media Inc.; Consultation and estimate preparation at schools, Balasore, Odisha; Stakeholder meeting at Tinsukia, Assam; Purchase of Green Board, Office Furniture, Utensils etc. RVNL as per data has allocated CSR outlay for Training of RVNL officials in Sustainability (Number of employees) and Conducting promotional activities with executing contractors at work sites.

(ii) Some of the PSUs have indicated the heads/activities in a vague manner e.g. NHPC in the data furnished to the Committee has mentioned broad areas like Health and Sanitation, Rural Development instead of specifying the activity undertaken in the specific area.

(iii) Some of the PSUs in the data furnished to the Committee have just mentioned the name of some of the individuals without indicating the specific purpose for which CSR allocation is being made.

54. Rail Vikas Nigam Limited, a PSU under the administrative control of the Ministry of Railways, in the written replies has stated that Railway Board vide letter No.2009/PL/57/7 dated 15.05.2015 has assigned Chennai & Bengaluru stations for up-gradation of passenger amenities through CSR. The RVNL in their written replies, also enclosed a copy of the said letter from the Railway Board, which revealed that other Railway PSUs too like CONCOR, IRCON, RITES and IRCTC were assigned such work by the Railway Board for carrying out such activities under CSR.

55. CONCOR and RINL have given suggestions for considering certain additional activities under CSR which are given as under:-

CONCOR	*i)Given the extent of mandatory CSR funding especially for the high profit making Companies and also to address the issue of timely availability of funds in the face of crisis, Government may consider setting aside a portion of say upto 5% for providing financial assistance to various Government relief funds especially in the face of disasters etc.* *ii)All aids provided to hospital necessitate that the beneficiary organisation provide subsidized/ free treatment to the poor.*
RINL	*The inclusion of all disaster relief activities explicitly under head would simplify the categorization of activities*

56. With regard to spreading resources thinly under CSR, some of the suggestions have been given by CPSUs, examined by the Committee:-

NFL	*CSR activities should be done in a focused manner to have a real outcome. Companies may avoid selecting different goals at a time. CSR activities will have better impact if fewer activities are chosen and concentrated effort is put in these projects. The aim should be to eradicate the problems rather than giving short term or one time solutions.*
PFC	*Activities which create durable assets should be preferred. However, presence/visibility felt amongst people should also be a criteria.*

Mechanism for selection of activities

57. Some of the CPSUs have given suggestions to the Committee with regard to selection/finalization of CSR activity. The suggestions given in this regard are given as under:-

ONGC	*Every CPSU should get done need assessment of villages / towns / cities near its operational area through field personnel who are well aware of local needs in consultation with respective Village Panchayat and District Administration. These individual plans should be consolidated in a single plan for taking up CSR activities in respective areas. The plan should clearly lay down Specific interventions, Phase wise implementation schedule of works to be executed with time bound objectives, Activity wise detailed financial implication, Percentage wise funding sources for each activity – CSR Fund, Government schemes, community contributions, bank loan component, etc, Proposed executing agencies (both PAN India and local) who would execute each activity, Sustainability and Project Handover Strategy including capacity building of local bodies/ communities/other important stakeholders, etc. The plan should be approved in principle by the local stakeholders and then by local leadership of the CPSU for ownership by local stakeholders and finally by the Board for expenditure sanction.*
RINL	*A 5 year plan should be drawn with regard to the findings that have emerged over a period of time from the baseline survey / Need assessment as well as through stakeholder meetings.* *-Each year, emphasis shall be given to different specific focus area so as to comprehensively cover all focus areas.* *-Further the 5 year plan will also help in implementing projects in phased manner to achieve inclusive growth and sustainable development. Learnings of a particular year can be used to replicate or scale up the projects.*

Impact Assessment/External Audit/Social Audit of CSR projects

58. As per DPE Guidelines(Para xvii), it is desirable that CPSEs get a baseline/ need assessment survey done prior to the selection of any CSR activity. It is also desirable that CPSEs should get an impact assessment study done by external agencies of the CSR activities/projects undertaken by them. Impact assessment is mandatory for mega projects, the threshold value of which can be determined by the Board of CPSE and specified in its CSR and Sustainability policy. However, the expenditure incurred on baseline survey and impact assessment study should be within the overall limit of 5% of administrative overheads of CSR spend as provided for under the CSR Rules.

59. The practices with regard to impact assessment studies, as shared by some of the CPSUs is given as under:-

ONGC	*Institute of Public Enterprise was engaged to carry out impact assessment of flagship CSR projects of the Company in the FY 2011-12. In the FY 2012-13 Mid-Stream Marketing Research Pvt. Ltd. carried out the impact assessment of major CSR projects of the Company*
NFL	*The company has conducted the social impact assessment study of its CSR activities in the year 2012 through external independent agency. The external agency visits the site of the projects and interviews the beneficiaries and submits a report about the impact of a particular project. The report is supported by photos of the project and comments of the beneficiaries.*
REC	*For the projects based CSR activities undertaken by the Company, Impact Assessment Studies are generally got carried out on their completion, generally through specialized agencies empanelled with TISS/IICA/Government Departments with the view of assess the socio-economic impact of the projects on the targeted beneficiaries. In case of select CSR projects, the Impact Assessment Study has been got conducted through Tata Institute of Social Sciences.*

RVNL *Social impact assessment study has been done by National CSR Hub (TISS).*

RINL *The maintenance of the toilets constructed under Swachh Vidyalaya is carried out by the respective School Management Committees (SMC) with the funds provided by the A.P. State Government.*

PFC *After the advent of Companies Act, 2013 and revised DPE guidelines effective from 01.04.2014, PFC mandatorily conducts Impact Assessment for projects/ programmes sanctioned above Rs. 10 crores. For rest of the projects/ programmes, Impact Assessment is done on a case-to-case basis. However, the expenditure incurred on impact assessment study is kept within the overall limit of 5% of administrative overheads of CSR spending as provided for under the CSR Rules.*

GAIL *A CSR Committee has been appointed by the Company as per the provisions of Companies Act, 2013 for monitoring and guiding the CSR Policy of the Company. Additionally, Impact Assessment Studies through Third Party are conducted for the major projects.*

60. With regard to Social audit, Oil and Natural Gas Corporation Ltd. In the written replies has stated that Social audit of the CSR activities of ONGC has not been conducted as of now. However, the Company plans to do that in future and it is one of the objectives of ONGC Foundation.

Directions from the Administrative Ministry of the CPSUs / Central Ministries to take up a particular CSR activity

61. When enquired whether 'CSR Committee' of the Company enjoy full autonomy in selection of CSR activities to be carried out by them or are there any specific directions also from the Administrative Ministry/Central Ministry to undertake certain specific CSR activity, some of the CPSUs responded as under:-

ONGC - *'CSR Committee' of the Company enjoys fair autonomy in selection of CSR activities to be carried out by them. However, on several*

occasions specific directions are also received from the Ministry/ Government to undertake certain specific CSR activity. For example, directive from Ministry of Human Resource to take up CSR activities under Swachh Bharat Abhiyan, directions from Ministry of Petroleum & Natural Gas for contribution towards Rajeev Gandhi LPG Vitarak Yojana, etc.

PFC - The CSR&SD Committee of Directors (CoD) enjoys autonomy in selection of CSR activities. The CoD recommends the proposals for consideration and approval of the Board of Directors. With specific directions, PFC has also funded projects under the aegis of Ministry of Human Resource Development (MHRD) and Ministry of Power (MoP), e.g.'Swachh Bharat Swachh Vidyalaya Abhiyan', National Literacy Mission Authority, Relief & Rehabilitation activities in the flood affected areas of Uttarakhand through THDC under its CSR activities.

REC - CSR Committee of the Board enjoy full autonomy in selection of CSR activities to be carried out and no specific directions have been received from the Ministry / Government to undertake certain Specific CSR activity. However, pursuant to the launch of 'Swachh Vidyalaya Abhiyaan' by Hon'ble Prime Minister in 2014, Ministry of Power took upon itself to contribute to the programme by undertakings construction of one lakh toilets in Government School across country thorough CPSE's under its administrative control, including REC.

CONCOR - Normally, the CSR Committee of the Company enjoys full autonomy for selection of CSR activities. There are occasional instances of the Ministry giving directives in this regard. Ministry of Railways recently issued directives to the Railway CPSEs to undertake CSR initiatives helping in development of passenger amenities, within overall framework of the areas of initiatives as defined in the Companies Act.

RINL - The Board Sub Committee (CSR Committee) enjoys full autonomy in terms of selection of CSR activities and no specific directions are issued by the Ministry / Government to undertake specific CSR activity.

RVNL - CSR Committee of the Board enjoys full autonomy in selection of CSR activities. However, Railway Board vide letter No

2009/PL/57/7 dated 15.05.2015 has assigned Chennai & Bengaluru stations for up-gradation of passenger amenities through CSR.

NFL - *The 'CSR Committee' of the Company enjoys full autonomy in selection of CSR activities to be carried out by them. However, the Company does align its CSR activities with the "Mission Programmes, such as Swachh Bharat Campaign announced by the Government from time to time.*

Local Area/PAN India approach while selecting the activities under CSR

62. First proviso to Section 135(5) provides that the Company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities.

63. The MCA in written replies have stated that the definition of 'local area' is not provided in the Act or Rules, but it is assumed that in the case of a factory, plant or a mine, the area in which the CSR activities should be undertaken can be in the close vicinity. This would help cater to the demands of the immediate community who would be directly impacted/affected by the operations of the above said entities. The proviso to Section 135 (5) of the Companies Act, 2013 may be directly applicable to the manufacturing or mining sector essentially producing tangible goods. However, for the service and tertiary sector it may be difficult to pin point such local areas.

64. When asked whether there was any provision for fixing of a certain percentage of CSR Budget for expenditure for 'local area', the MCA in their written replies clarified that currently there was no separate provision for 'local area' and 'other areas'. Proviso to section 135 (5) of the Act is adequate to address the issue. Companies should have the requisite flexibility to operate within the ambit of Section 135 and Schedule VII and Rules thereunder.

65. However, from the written replies furnished by various CPSUs, it is observed that while many CPSUs *viz. ONGC, REC, RVNL, etc.* had not defined the term 'local area' in their Company's CSR Policy, some CPSUs *viz. CONCOR, RINL, NFL, etc.* had defined the term 'local area' in their CSR Policy

and were preferring CSR expenditure in the local area. Some of the responses given by CPSUs are given as under:-

ONGC – *The term 'local area' has not been clearly defined in the Rules; however it means various Operational Areas of ONGC across India i.e. villages/ towns/ cities where ONGC and its subsidiaries have exploration & production sites, installations, plants, pipelines and other infrastructure, administrative centre, institutes and corporate Headquarter, etc.*

PFC - *As per policy, the term 'local area' has not been defined. PFC may take up CSR activities/projects at any location of their choice within the country as PFC has no specific geographical area of commercial operations. The CSR activities are undertaken through Implementing Agency(ies) which are monitored by PFC.*

REC - *There is no concept of 'local area'. REC is a financial institution with financing operations spread across most of the States in the country. As the Company does not have any manufacturing/ plant based operations in any specified geographical area, as such there is no concept of 'local area' in case of the Company. Accordingly, the CSR activities of the Company are taken up in various locations/ States in the country.*

CONCOR- *In terms of para 2.4, 'local area' has been defined as an area within radius of 200 kms of the Company's facilities/units. The Company is actively endeavoring to ensure that upto 80% of its CSR initiatives are carried out in the local area as defined in its CSR policy.*

RINL- *The 'local area' of the company has been defined in the policy refers to:*

- *The district where the plant operates i.e. Vishakhapatnam district as well as the Surrounding districts namely Vizianagaram, Srikakulam, East Godavari and West Godavari.*
- *The Districts where the Captive Mines are located/ operated*
- *The districts in which the Stock-yards and Marketing branches of the company are located."*

An indicative ratio of 80:20 where in 80 refers to percentage of Budget to spent in the local area and 20 to the rest of the Country was envisaged in the RINL- CSR & S Policy. This distribution of 80:20 is decided on the basis of the provisions in Section 135 of Companies Act, 2013 which mentions that "Company shall give

preference to the local areas and the areas around it where it operates, for spending the amount earmarked for CSR activities."

RVNL - 'local area' has not been defined. But CSR activities/ projects/ programs will be undertaken preferably for stake holders who are generally located in the periphery of project areas of RVNL. No minimum percentage for 'local area' and also no project in 'other areas' have been undertaken.

NFL - The term 'local area' has been defined in the guiding principles of the CSR Policy. It states that the Company shall work towards improving the quality of life by making the communities self reliant in the areas within which it operates. The Company shall also build lasting social capital through interventions in the infrastructure, healthcare, education, vocational domains and other social welfare initiatives for the community residing in the vicinity of its plants and other places in India. By and large, the Company ensures that majority of the programmes are executed in and around the areas adjoining NFL plants/Marketing territories. As such minimum percentage has not been fixed for the CSR activities to be carried out in the local area. Till now, the Company has not undertaken any CSR activity in the area where it does not have its presence/operations."

Collaboration with other companies for undertaking CSR projects

66. As per Rule 4(3) of CSR Rules, a company may also collaborate with other Companies for undertaking projects or programmes or CSR activities in such a manner that the CSR Committees of respective companies are in a position to report separately on such projects or programmes in accordance with these rules.

67. The Committee examined 13 CPSUs. As per the data furnished by various CPSUs, few CPSUs have taken collaborative initiatives. Steel Authority of India Limited has stated that they had undertaken Rehabilitation initiatives in Ladakh, J&K in collaboration with Hindustan Prefab India Ltd., a CPSE.

Involvement of local/public representatives and local administration

68. As per the information furnished by CPSUs, ONGC, REC, CONCOR, NFL, consulted MPs/ MLAs and local elected representatives in the selection/ finalization of the CSR activity. While one CPSU *viz.* PFC stated

that it generally did not consult MPs/ MLAs and local elected representatives. Some CPSUs viz. RINL, RVNL were silent on the issue. RINL stated that people representatives of the area were invited while inaugurating the major projects. RVNL stated that local people/ stakeholders are consulted during base line survey/ needs assessment study. On a pertinent query, some CPSUs responded as under:-

ONGC - *The Hon'ble MPs/MLAs, local elected representatives and District Authorities are consulted depending upon the need/nature of the CSR activities. The nature of consultations include identification of location, ascertaining need, identification of implementing agency, garnering support from all concerned stakeholders in implementation of the project, etc.*

REC - *The Company generally endeavors involvement and participation of the concerned village Panchayat / Zila Parishad / District Administration / MLAs and MPs of the area, as the case may be, for the project based CSR activities, especially during baseline studies and also while implementing CSR activities in their respective areas till the completion of the project. The concerned MPs in whose constituencies various CSR projects are being implemented are also apprised from time to time about launch / progress of the project and also invited at the time of launch / completion of the project in their areas. The above is demonstrated through following examples:*

- *In the case of implementation of works under 'Swachh Vidyalaya Abhiyyan', various stakeholders, are invited / contacted, including the District Education Authorities and the Village Panchayats, who play an active and supportive role in the day to day implementation, including facilitating necessary clearances and cooperation of the local communities, and taking over of the completed assets.*
- *In projects involving providing clean drinking water to rural population through RO technology in various districts suffering from contaminated water sources and / or lack of portable water, MoUs are signed with the respective Village Panchayats for active participation in the project by making available the requisite land for setting up the plant and for taking over the operation and maintenance of the plant after commissioning to ensure its sustainability.*
- *In case of projects involving setting up of solar micro grids in un-electrified remote rural areas of various districts / states, the*

participation of the Village Panchayats is sought at the time of conducting baseline study and local entrepreneurs are identified from the villages for operating the solar micro grids / solar charging station as a business venture after handing over of the same to ensure sustainability of the project.

CONCOR - We are receiving quite a few proposals from MP's, MLAs and other local elected representatives for undertaking CSR projects to benefit their constituency. In such cases, the views of the elected representatives are duly taken cognizance while planning the CSR initiatives duly ensuring that the activity fall strictly within the CSR rules of the Company.

RINL - The projects initiation or finalization of projects is being done with consultation of District Administration. & State Govt. wherever required. Some projects/ initiatives are taken up on request made by State Govt. Departments, People's Representatives at various forums. People representatives of the area are also invited while inaugurating the major projects.

69. On the same issue, DPE clarified that MPs/MLAs and elected representative of the area may provide inputs on social needs of CSR activities in their area for consideration of management of CPSEs operating in that area. CSR Committee of the CPSEs may consider such suggestions while finalizing CSR activities to be incorporated in the CSR Policy of the CPSE.

Fixing of Targets under 'Swachh Bharat Swachh Vidyalaya Abhiyan' for construction of Toilets/Units by CPSUs

70. As per the information furnished by some of the CPSUs, they had taken up construction of toilets across the country under the Government of India programme like 'Swachh Bharat Swachh Vidyalaya'. When asked whether any targets were fixed by the administrative Ministry of the concerned CPSU or the Ministry of Human Resources Development (HRD) and if so, what was the criteria for selection of districts and the schools for construction of toilets under the programme, the information furnished by CPSUs is as under:-

ONGC - Targets have been fixed by Ministry of Human Resource Development for ONGC under this programme. Total 7958 toilets

were allocated to ONGC and all of them have been made functional by 10th August, 2015.

The criteria for selection of schools for construction of toilets under the programme was fixed by the Ministry of Human Resource Development with the aim of atleast 1 Functional Girls toilet and 1 Functional Boys toilet in each Government school. Districts were allocated to ONGC by the Ministry of Human Resource Development based on the UDISE data on requirement of new or dysfunctional toilets in those districts.

PFC - *The Administrative Ministry i.e. Ministry of Power, mandated PFC for construction of 9200 toilets under Swachh Bharat Swachh Vidyalay Abhiyan. Out of 9200 toilets, 8100 toilets were to be constructed in Andhra Pradesh and 1100 toilets in Rajasthan. Accordingly, the construction of toilets carried out is as under:-*

- *4419 toilets through Hindustan Prefab Limited (HPL) in Andhra Pradesh*
- *Provided Funds for construction of 3681 toilets to respective District Collector of Andhra Pradesh*
- *510 toilets through Ircon Infrastructure and Services Limited in Rajasthan*
- *Provided Funds for construction of 590 toilets to Rajsthan state Govt Agencies i.e Rajasthan Council of Elementary Education (RCEE)/Rajasthan Madhyamik Siksha Abhiyan (RMSA)/Tribal Area Development (TAD).*

As confirmed by Ministry HRD website all toilets blocked for PFC have been constructed. As directed by MoP, PFC followed selection process prescribed by Ministry of HRD. As such, PFC blocked the schools on Ministry of HRD website in the districts of Andhra Pradesh and Rajasthan for construction of toilets.

REC - *The cleaning, upkeep and maintenance of toilets constructed through RECPDCL has been entrusted to respective civil construction companies as part of civil contract for the period of two years. In respect of toilets constructed through State Education Departments on deposit basis and reimbursement basis, the maintenance of these toilets are to be undertaken by concerned State Education Department/school. The mandate assigned to REC and other CPSEs was for construction of toilets and after construction the same were to be handed over to schools authorities. REC,*

therefore, has not entered into an agreement with schools/user for maintenance of toilets.

CONCOR - No targets have been fixed by the administrative Ministry for the company under the programme.

CONCOR is having a Pan India presence and all its units have been advised to coordinate with local district administration to seek proposal for construction of toilets. Normally all proposals received from districts/state administration are being considered for implementation after due scrutiny and base line survey.

RINL - The targets under Swachh Vidyalaya have been fixed by the Company based on the available budget with due preference to local area schools. However, target in terms of timely completion of the toilets was considered as a MoU parameter with Ministry of Steel. Under Swachh Vidyalaya 86 toilets were constructed/repaired in 33 schools in Visakhapatnam District.

The schools in Visakhapatnam District have been selected with preference to local area in line with the RINL CSR&S Policy and based on the list uploaded by Ministry of HRD to avoid duplication.

RVNL - No target has been fixed by the administrative Ministry or any Central Ministry for RVNL under the programame. 19 toilet blocks in 15 Government schools have been provided.

Backward District of South 24 Paraganas where an existing CSR project is under implementation by Ramakrishna Math, Naora

NFL - The Company has signed an MoU with Department of Fertilizers under which 60 Nos. toilets were to be constructed by the Company in the financial year 2015-16. Out of this, 55 Nos. toilets have already been constructed by the Company.

For construction of toilets, the Company has selected the districts where it's two plants are located i.e. district Guna in Madhya Pradesh and district Ropar in Punjab. The Company's plants are located in Nangal, district Ropar (Punjab) and Vijaipur, district Guna (Madhya Pradesh).

The schools in district Guna were selected based on the data available on the website of Ministry of HRD (MHRD). The MHRD website had displayed the list of government schools which were deprived of toilets. Hence, the schools lying in district Guna were blocked by the Company for construction of toilets. A field survey was also done by the Company to verify the actual need of toilets in these schools.

In district Ropar, Punjab, the schools displayed on the MHRD website were surveyed by Company's officers and it was found that toilets already existed in those schools. Therefore, a field survey was done by Company's representatives on their own and some schools were identified where toilets didn't exist. These schools were then identified in association with State's Education Department and toilets have been constructed there by the Company.

71. When DPE was asked if they were aware of huge amount of CSR funds being spent on construction of toilets in schools in large scale across the country by the CPSUs under the 'Swachh Bharat Swachh Vidyalaya' programme, the DPE in their written reply stated that it did not have information on CPSE-wise targets given by Ministry of HRD for construction of toilets to various CPSEs. However, as per the activities included in Schedule-VII of the Companies Act, CPSEs are allowed to contribute towards 'Swachh Bharat Kosh' set up by Central Government.

72. On the same issue the MCA stated that the only source of information for MCA regarding details on CSR expenditure on various developmental activities is the Annual Disclosure on CSR by Companies, which are being filed online by Companies for the year 2014-15. It is not feasible for the MCA to keep a track of CSR expenditure of individual Companies on a case to case basis until and unless the mandatory disclosure is made by them. Post evidence, MCA requested the Ministry of Human Resource Development (HRD) to provide the requisite information which was stated to be made available to the Committee on its receipt.

Maintenance of toilets constructed under Swachh Bharat Swachh Vidyalaya Abhiyan

73. When asked whether the maintenance of toilets constructed under the programme were also taken up by the Company and whether any agreement was entered into with the School/ user for maintenance of those toilets, the CPSUs informed as under:-

ONGC- *The process for 2 years Operation & Maintenance of toilets has been initiated by interacting with Dy. Secretary, MoHRD on 8th September, 2015. As per his advice meetings are being planned with Education Secretaries of all 10 States where the toilets have been constructed.*

As of now, ONGC has entered into a contract with Sulabh International which gives 1 year warranty post construction of toilets. Subsequent 2 year Operation & Maintenance agreement as suggested by Dy. Secretary, MoHRD is being worked out. In Meghalaya, the toilets have been handed over to District Administration for maintenance.

PFC - *PFC has not taken up maintenance of toilets constructed under the programme. PFC has not entered into any agreement with the school/user for maintenance of those toilets.*

REC - *Pursuant to the launch of 'Swachh Vidyalaya Abhiyaan' by Hon'ble Prime Minister in 2014, Ministry of Power took upon itself to contribute to the programme by undertaking construction of one lakh toilets in Government School across country thorough PSU's under its administrative control, including REC. Ministry of Power fixed a target of construction of 10989 nos. of toilets by REC which was subsequently revised to 8934 nos. of toilets. Ministry of HRD, however assigned construction of 12379 nos. of toilets to REC. As per information updated on Ministry of HRD on its website on 15 August 2015, all 12379 nos. of toilets assigned to REC have been completed. Ministry of HRD provided list of all the Government Schools and details of girls/boys toilets required in these schools across various States in the country, on their website. The CPSUs were asked to select from amongst these schools as per their target and preference. REC, accordingly selected such number of available schools in various districts so as to achieve the targeted number of toilets, located largely in States where it has presence/office i.e. in Uttar Pradesh, Bihar, Punjab, Madhya*

Pradesh, Rajasthan and Telangana, so as to ensure operational convenience and close monitoring.

CONCOR - *The Company is not taking up the maintenance of toilets constructed under the programme. The MOUs signed with the respective schools/education department clearly put the onus for maintenance of the toilets on the schools.*

All MOUs signed with the users/beneficiaries have clauses clearly mentioning that the onus of maintenance and sustainability of the assets/infrastructure lies with the user/beneficiaries

These are early days of mass CSR activities. In the long run it is felt that there would be need for creation of Self Help Groups (SGHs) to handle maintenance of community assets. The individual assets should be maintained by the beneficiary.

RINL - *The maintenance of the toilets constructed under Swachh Vidyalaya is carried out by the respective School Management Committees(SMC) with the funds provided by the A.P. State Government. Since the maintenance is already taken up by the respective School Management Committees, there is no necessity to enter into MoU with School Management Committee.*

Further, regarding maintenance of assets/infrastructure created under CSR activities the infrastructure can be handed over to Community Based Organization who can inturn charge a minimal user fee for the maintenance of the same. Further Organization are required to periodically monitor & inspect the projects for better utilization & maintenance.

RVNL - *Day to day maintenance by school administration. Consent / Permission of school administration obtained by Ramakrishna Math, Naora.*

NFL - *The Company is committed to maintain the toilets constructed under the programme. Initially the Company has signed an agreement with Government of Madhya Pradesh for maintenance of 20 Nos. toilets constructed in district Guna, Madhya Pradesh. As per the agreement, NFL shall be undertaking maintenance of toilets for three years. In this regard, the Company shall be paying Rs. 1500 per month per school for upkeep and maintenance of these toilets. In Punjab, Company has constructed 35 toilets in Government schools through Sulabh International. The Company*

has signed agreement with Sulabh International for maintenance of these toilets for one year. A Memorandum of Understanding (MoU) has been signed with District Education Department, Guna, Madhya Pradesh for maintenance of toilets constructed by the Company for three years.

In cases, where assets have been created in consultation or association with local administration, agreements may be signed with local authorities / local bodies making them accountable for maintenance of assets / infrastructure. In other cases, the Company may take up the responsibility on its own by carrying out Annual Maintenance Contract for some duration. If possible, the beneficiaries may be involved by sensitization to take up the maintenance of infrastructure themselves.

74. When the Committee sought information from the Ministry of Human Resource Development, the Department of School Education and Literacy, Ministry of HRD, informed on 3rd November, 2015 that in response to the PM's National Cal on 15th August, 2015, a letter was sent to all Ministries including MCA and DPE to persuade the CPSUs to participate in the construction of toilets in schools. This resulted in construction of 1.41 Lakh toilets by 64 CPSUs, particularly CIL, NTPC, REC, PFC, ONGC and PGCIL.

Health care activities under CSR

75. From the latest Report of the Standing Committee on Health and Family Welfare, Rajya Sabha on Demand for Grants of the Ministry of Health and Family Welfare (2015-16), an allocation of Rs.24,549 crore has been made for the year 2015-16, which is less than the Budget Estimates 2013-14 provision of Rs.30,000 crore. The Report also mentions that among the critical schemes for which nil or negligible allocation have been made are the National Programme for prevention and Central of Cancer, Diabetes, Cardio Vascular diseases and stroke, Health care for Elderly and National Tobacco Control Programme. Thus it can be safely presumed that although India's health care Industry is growing yet public spending on the same has remained low and resulted in a dilipidated network of Government hospitals and clinics especially in rural areas. Health expenditure to the total GDP is only 6.0 percent as per the Report 'Health care in India-Vision 2020' in the NITI Aayog website, which is very less as compared to the other countries of the World. Ever increasing incidences of life threatening diseases had

adversely affected the poor families who are not in a position to bear the cost of such ailments.

76. In this connection, during the course of oral evidence, when the Committee enquired that though huge amount of funds were being donated under CSR to hospitals like Tata Memorial, but whether these hospitals were providing treatment to poor patients at subsidized rates or at free of cost; the representatives from IOCL replied as under :-

> *"On the Tata Memorial, of course we will get it examined whether they have any provision that they will give subsidized treatment based on our grant. I do not have the answer at this point of time. We will examine it and come back."*

77. The Committee further observed that there is a system prevalent in the Prime Minister's office to help poor patients who are critically ill which could be replicated for CSR activities being carried out by CPSUs. On a request made by Members of Parliament to the Prime Minister's office, the PM office considers such requests and meets certain percentage of the treatment amount by sending a cheque directly to the concerned hospitals like Rajiv Gandhi Cancer Hospital, PGI, etc. The patient has to get a estimated expenditure statement endorsed from the hospital from where he is taking the treatment before sending such request to the Prime Minister's office.

Quality Standards of CSR projects

78. On a specific query about the relevance of ISO 26000: 2010, being used internationally for bench-marking quality standards for CSR works, in the context of CSR projects being implemented in India, MCA in the replies has stated that there is no proposal to frame any further CSR Rules for making CPSUs ISO-26000: 2010 compliant. MCA has further stated that no role has been envisaged for the MCA for monitoring the quality of works being undertaken by Companies under the provisions of Section 135 of the Companies Act.

79. When CPSUs were asked to suggest a suitable mechanism to ensure the quality and maintenance of assets/ infrastructure created under CSR activities, some of the CPSUs suggested as under:-

ONGC - *Following suggestions are being made to ensure the quality and maintenance of assets/ infrastructure created under CSR activities:*

1) *Thorough check on credentials of the vendor*
2) *Inspection of processes of vendor during execution of the project*
3) *Quality Audits by certified 3rd party*
4) *Warranties / guarantees wherever possible*
5) *Creation of a project specific sustainability fund with contribution from users and laying down procedures for operating the fund to meet maintenance needs and other contingencies.*

PFC - *PFC undertakes its CSR activities mainly through Govt./Semi-Govt./Quasi-Govt. organisations acting as its Implementing Agency(ies), which have prior exposure in the activities. These agencies ensure quality of assets/infrastructure created under PFC's CSR activities. In some of the activities Annual Maintenance Contracts (AMC) are also insisted upon by PFC.*

REC - *The quality and maintenance of assets / infrastructure created under CSR activities can be ensured through regular monitoring of project and involvement of the local communities/beneficiaries.*

RVNL - *Selection of qualified and reputed NGO/ Trust is a major factor. monitoring also helps.*

Geo -tagging of assets/ infrastructure created under CSR

80. When the CPSUs were asked as to whether they ensure Geo-tagging of photographs of CSR activities for greater transparency, some of CPSUs viz. REC, CONCOR, RINL, RVNL and NFL stated that they did not carry out geo-tagging of assets created under CSR. CONCOR and PFC responded as under:-

CONCOR - *For Swachh Vidyalaya Abhiyan, ONGC has used geo-tgging software for photographic evidence for the first time for greater transparency. In future, ONGC is trying to replicate the same during O&M period.*

PFC - *PFC has not mandated any of its implementing agencies for Geo-tagging of CSR photographs except in case of Swachh Bharat Swachh Vidyalaya Abhiyan, where Hindustan Prefab Limited provided Mobile Based application to monitor the geo coordinates for photographs. Ircon International and Services Limited (IISL) are mandated to provide photographs clicked with GPS enabled camera. However obtaining geo coordinates for some of the photographs is subject to technical limitations. In future, PFC has also decided that the photographs with Geo-tagging will be insisted upon.*

Skill Development Training

81. Skill Development is being taken up as a major part of CSR activity by many CPSUs. When asked about the type of skill development training provided, the persons covered, placement offered to those persons by the CPSUs and maintenance; some of the CPSUs responded as under:-

ONGC *Skill Development Training is provided. Details of Employment data is not available. Placement /Employment in ONGC is through open recruitment without any preference to persons provided skill development training under CSR programme.*

PFC *Skill Development Training is provided to unemployed candidates from SC/ST/ OBC/ EWS/ PWD and women. PFC has the data of trainees sponsored under PFC CSR Skill Development Training Programmes.*

(i) As per records available with PFC, 27851 Candidates were trained during the period 2011-15.

(ii) 18480 candidates got employment subsequent to the training.

No person was provided placement/employment with PFC subsequent to training.

REC *Out of the total 13206 persons provided Skill Development training during the last 5 years, 6032 persons were placed. The skill development training programmes under CSR initiative of REC are generally short term programmes of upto three months duration, focused at providing/ enhancing skills of the beneficiaries to cater to requirements of local areas and industries, such as masonry, carpentry, electrician, tailoring, art, craft etc, whereas, REC being a financial*

institution focused on power sector, generally recruits persons form engineering, finance, legal, It and HR Background for its operational requirements.
As such, persons provided with skill development training under CSR initiatives are generally not employed with the Company.

CONCOR *Skill Development Training is provided to dependents of Safai Karamcharis, youths of other backward classes & women belonging to SC/ ST/ OBC in the areas of Garment Technology & Beauty Culture. Till date a total of 2620 persons have been / are being provided skill development training. As these programs have been funded only over the last one and half years or so, the exact impact as regards employability is yet to be assessed. The Company is not providing any preferential placement / employment to candidates who have been provided skill development training under its initiatives. The objective is to make the beneficiaries employable and not to be employed.*

RINL *Skill Development Training is provided in the field of Dress making, embroidery, Arya work, leaflet making, soft toys making, Radio & TV mechanism, Refrigeration, AC mechanism, Fashion Designing, beautician Course & Beauty therapy, Electrician Course, Welding , LMV driving, Computer Training, Screen Printing & Photo lamination.*

(i) 2754 persons have been provided training in various vocational courses LMV, Driving, Tailoring etc. enabling them to earn their livelihood. (2010-11 to 2014-15)

(ii) Data on the number of persons gainfully employed is available for 290 persons trained in 2014-15 through IL&FS. 239 beneficiaries were placed in different companies.

The persons who underwent Skill Development programmes/Vocational programmes are likely to be absorbed in different companies including RINL.
The placement /employment is done through open recruitment /competition.

RVNL *Not providing any Skill Development Training.*

NFL *Skill Development Training is provided for farmers, youth, women, etc. The 'CSR Committee' of the Company enjoys full autonomy in selection of CSR activities to be carried out by them. However, the Company does align its CSR activities with the "Mission Programmes, such as Swachh Bharat Campaign announced by the Government from time to time.*

82. When asked whether there is a need to take up more asset creation activities alongwith clarity on maintenance of such assets under CSR activities after the mandatory period of the concerned CPSU for the same gets over, so as to make the visibility of CSR felt and also to ensure that the same is measureable for impact assessment, the DPE in their written replies stated that creation of assets can be done under CSR. In respect of maintenance of assets, it would need to be replied by the MCA.

83. On the same issue, MCA stated that the intent of law is to undertake CSR project whose impact is sustainable. The spirit of the law is that, for any asset/ infrastructure that is created under CSR provisions, the maintenance of that infrastructure/ asset has to be inbuilt into the project cost/ project design itself. The modalities to ensure this has to be conceived by the Company itself through their own managerial skill and corporate innovation.

Selection/finalization of implementing agencies

84. CSR Rules provide as under:-

"The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through a registered trust or a registered society or a Company established under section 8 of the Act by the Company, either singly or alongwith its holding or subsidiary or associate Company, or alongwith any other company or holding or subsidiary or associate company of such other company, or otherwise:

Provided that-

(i) If such trust, society or company is not established by the company, either singly or alongwith its holding or subsidiary or associate Company, or alongwith any other Company or holding or subsidiary or associate Company of such other Company, shall have

an established track record of three years in undertaking similar programs or projects;

(ii) The Company has specified the project or programs to be undertaken through these entities, the modalities of utilization of funds on such projects and programs and the monitoring and reporting mechanism."

85. As per the information furnished by DPE, a National CSR Hub was created in March, 2011 consequent to the formulation of the DPE Guidelines on CSR. The Committee have further been apprised that as per the information furnished by Tata Institute of Social Sciences (TISS), 442 implementing organizations are empanelled with National CSR Hub at TISS. When asked, whether the panel is being used by CPSUs in implementing the CSR activities, DPE has apprised that this information is not available. While some CPSEs have requested for a panel of implementing agencies for undertaking CSR activities, it is only voluntary in nature.

86. When specifically asked about the role of TISS in implementation of CSR provisions, DPE in the post-evidence replies has stated that there is no specific role of TISS except that a National CSR Hub was created in the premises of TISS in March, 2011.

87. Various CPSUs examined by the Committee have shared their mechanism for selection/finalization of CSR activities. The information has been compiled and given at ***Annexure VII.***

Monitoring of CSR activities

88. Section 135(4)(b) provides that the Board of every company constituted under Section 135(1) of the Companies Act shall ensure that the activities as are included in Corporate Social Responsibility Policy of the Company are undertaken by the Company. MCA in the replies furnished to the Committee has stated that all profit making CPSEs exceeding the threshold limits prescribed in Section 135 of the Companies Act are required to constitute a CSR Committee of the Board consisting of three or more Directors out of which at least one Director shall be an Independent Director. The CSR Committee is mandated to formulate and recommend to the Board, a CSR Policy which shall state the activities to be undertaken by as specified in Schedule-VII of the Companies Act. The selection of CSR activities has to be

made out from the items indicated in Schedule-VII of the Act. CSR Committee of the CPSE is supposed to monitor the implementation of the CSR Policy of the company from time to time.

89. Rule 5(2) of the CSR Rules specifically provides that the CSR Committee shall institute a transparent monitoring mechanism for implementation of the CSR projects or programs or activities undertaken by the company.

90. The CPSUs examined by the Committee have shared their monitoring mechanisms with the Committee. Some of the practices followed are given below:-

SJVN	*The CSR activities are executed through SJVN Foundation which is a registered Trust. The CSR fund is transferred by SJVN to SJVN Foundation every year which is non-lapsable/irreversible.*
GAIL	*For monitoring of CSR projects, various mechanism are adopted including site visits by Cross Functional CSR team at sites, regular reporting and documentations, stakeholder interaction, internal audits, feedback from beneficiaries etc.*
PFC	*Implementing Agency/Agencies appointed by PFC to undertake CSR activities is/are responsible for monitoring the project and providing periodic reports to PFC on the implementation part.* *Apart from the Implementing Agency, PFC officials and member(s) of CSR&SD Committee of Directors, randomly undertake monitoring by visiting the sites where the CSR activities are being undertaken.*
IOCL	*The monitoring of implementation and evaluation of the activities are carried out at 3 levels viz.* *-Board Committee on CSR & SD* *-Divisional level CSR Committee* *-Unit/State level CSR Committee*

Overlapping/duplication of CSR activities

91. The Committee desired to know whether there was a possibility of welfare schemes simultaneously being run by Ministries/Departments, State Governments overlapping with the welfare measures being undertaken under CSR by CPSUs/Companies and in such an event whether the MCA has developed such overlapping. The MCA in the written replies have stated as under :-

> *"The possibility of such an overlap does exist. However, the purpose and intent of such legislation is for corporate entities to* ***complement and supplement*** *the welfare activities being run by Ministries/Departments and not substitute the same. In order to resolve or prevent occurrences of overlap and duplication, the company has to formulate an appropriate CSR Policy."*

92. On the specific query as how it is being ensured that there is no duplication of CSR activities i.e. same nature of CSR activities being carried out in the same area by different companies, some of the CPSUs have shared their practices being followed which are given as under:-

CONCOR	*Prior to finalization of CSR initiatives, due diligence is carried out by Company. Further, the MOUs signed with the implementing agency clearly stipulate that the latter should not take funding for the same CSR activity from other donors.*
ONGC	*Before giving approval for the proposed CSR activities, an affidavit is sought from the implementing agency that "The proposed project is neither covered under any existing scheme of Govt. of India / State Govt. nor is being funded by any other organization to ensure that there no duplicity of the CSR activity under reference". Further, the implementing agency is advised to maintain a separate book of account (ledger) for receipt and expenditure records pertaining to the project activities especially where the project involves multiple funding partners. Wherever there is a possibility of duplication of CSR activities, the other organizations like PSUs working in the same area / local authorities are duly consulted.*
REC	*The projects activities under CSR are generally*

undertaken after conduct of base line/need assessment study for the activity in the selected area by third party agencies/Company own officials, which may highlight duplication, if any, of such activities in some areas at the same time.

RVNL — *This aspect is checked during interaction with local people/ stakeholders during base line survey/ needs assessment study.*

Constitution of High Level Committee

93. In February, 2015 the Ministry of Corporate Affairs constituted a High Level Committee (HLC) to suggest measures for monitoring the progress of implementation of Corporate Social Responsibility policies by Companies at their level and by the Government under the provisions of Section 135 of the Companies Act, 2013 and Rules made thereunder. The report of the HLC containing 24 recommendations has since been submitted to the Ministry. As per MCA, the said recommendations are under consideration by the Government. One of the recommendations on 'administrative overhead costs' made by the High Level Committee reads as under :-

> "*The Committee concluded that the ceiling on administrative overhead costs should be increased from the present 5% to not more than 10% of the CSR expenditure of the Company, for which amendment to the Companies Act and/or CSR Policy Rules, 2014 would be required. However, DPE's representative expressed his dissent on the ground that 5% cap is sufficient, if projects are well designed.*"

National CSR Hub

94. As per the information furnished by CPE, the National CSR Hub was created in March 2011 consequent to the formulation of DPE Guidelines on CSR. The main objectives of hub is promoting awareness of CSR, capacity building & training, carrying out base-line needs assessment for undertaking CSR activities and impact evaluation of CSR. The role of National CSR Hub is to facilitate CPSEs in the planning and execution of their CSR activities/projects through implementing agencies empanelled with TISS. Selection of a suitable implementing agency for the purpose rests with the CPSEs. It shall be the choice of the CPSEs whether to utilize the services of

TISS or the implementing agencies empanelled with them or not. DPE has informed that data with regard to the utilization of services of the implementing agencies empanelled with TISS by CPSE is not maintained by DPE.

95. When asked to furnish information on TISS and to specify the exact role of TISS in CSR, the DPE in their written reply stated that there is no specific role of TISS except that a National CSR Hub was created in the premises of TISS in March 2011. Out of the 422 implementing agencies empanelled with National CSR Hub at TISS, it for the CPSEs to consider engaging the empanelled agencies suitable for the purpose of conducting any specific activity/project approved by the Board. National CSR Hub at TISS is for facilitating CPSEs to utilize their services and that of the implementing agencies empanelled with National CSR Hub for undertaking their CSR activities/projects. CPSEs are at liberty to undertake their activities/projects approved by the Board through a registered trust or a registered society or a Company established by the Company or its holding or subsidiary or associate Company under Section 8 of the Act.

PART II

RECOMMENDATIONS/OBSERVATIONS OF THE COMMITTEE

Allocations made under CSR by CPSUs

1. The Committee note that with the notification of Section 135 of the Companies Act, 2013, containing CSR provisions, which came into effect from the 27th February, 2014, CSR for Companies has been made legally binding. With the enactment of Section 135 of the Companies Act, 2013 relating to CSR, India has, perhaps become the first country in the world bringing CSR provisions within the Statute. As per Section 135 of the Companies Act, 2013, Companies crossing a threshold limit i.e. net worth of Rs.500 crore or more; or turnover of Rs.1000 crore or more; or net profit of Rs.5 crore or more, have to spend atleast two per cent of their average net profit made during three immediately preceding financial years, on CSR activities every year.

The Companies including Public Sector Undertakings and Enterprises have been taking initiatives since long to fulfill their Social Responsibilities so as to promote socio-economic and environmental changes in the lives of the poor people in the country. The Committee are concerned to note that the Ministry of Corporate Affairs(MCA) and the Department of Public Enterprises (DPE) have not bothered to maintain data with regard to amount spent so far on CSR by CPSUs as well as private Companies. DPE has, however, furnished the estimated amount likely to be spent on CSR during the year 2013-14. It has been stated that as per the data furnished in the Public Enterprises Survey 2013-14, two per cent of average net profit in the three immediately preceding years, in respect of 131 CPSEs which exceeds the threshold limit for undertaking CSR, comes to Rs.3683.73 crore. With regard to private Companies, the information given at official site of MCA indicates that as on the 28th February, 2015, the

total number of private Companies is 952892 with authorized capital of Rs.1,476,339.28 crore. There are 21,429 Companies having net profit of above Rs.5 crore i.e. they cross the threshold limit for spending the requisite amount on CSR. Thus, it can very well be presumed that a huge amount of money under CSR would be available which in the opinion of the Committee, if utilized properly, can contribute in bringing a visible change in the lives of the poor people in the country. The Committee also feel that a huge amount would have been spent on CSR by Companies during the first year of implementation i.e. 2014-15, as per the statutory provisions. Now when Companies would be making report about the policy developed and implemented on Corporate Social Responsibility initiatives taken for the year 2014-15 as per Section 134(3)(o) read with Section 135 of the Companies Act, 2013, the Committee would like to be apprised about the total allocations made under CSR by CPSUs as well private Companies, as and when the data is compiled by MCA.

<u>Need to define CSR</u>

2. The Committee note that the guiding principles for CSR funding is inclusive growth i.e. to include those sections of the society in the growth process, which had hitherto remained excluded from the mainstream of development. Here, the Committee cannot but recall the great words of the Father of the Nation Mahatma Gandhi, who believed that development is ''Sarvodaya'' through ''Antyodaya'', implying the welfare of all by serving the last man in the queue i.e. the "poorest among the poor". The Committee firmly believe that the spirit of CSR should be serving the interests of the ''most marginalized sections of the society'' in line with Antyodaya philosophy. As such CSR is not mere charity/ donation but is a concept which reiterates the responsibility towards the society and

commitment to integrate social, environmental and human development concerns in the entire value chain of corporate business.

The Committee further note that India's Human Index Value (HDI) for 2013 is 0.586, positioning the country at 135 out of 187 countries and territories—the lowest among the BRICS countries, with Russia at 57, Brazil at 79, China at 91, and South Africa at 118, and slightly ahead of Bangladesh and Pakistan. Significantly, while China improved its ranking by ten places between 2008 and 2013, India's position improved by just one rank as mentioned in the Economic Survey 2014-15. Thus a lot needs to be done to bridge the gap for which focused attention needs to be given to poor and marginalized sections of society as well as backward areas. The Committee find that the term 'Corporate Social Responsibility' has not been defined in the enactment/Rules. The Committee's examination of the subject has revealed that although a lot of initiatives are being taken with regard to CSR by various CPSUs, the pattern of expenditure so far shows that it is not always targeted to the poorest of the poor/backward areas of the country. The Committee, therefore, recommend that CSR should be clearly defined in the Act itself. The definition should cover the broader principles of CSR spending as elaborated above so as to ensure that CSR allocations are spent for the specified activities targeting poor and backward areas. They feel that the concerns expressed by them may necessitate suitable amendments in the Act and desire that action may be taken expeditiously on the same.

<u>Amending Section 135 of the Companies Act, 2013</u>

3. MCA/DPE have apprised the Committee that CSR expenditure which was hitherto a voluntary initiative, has been made compulsory with the enactment of Section 135 of the Companies Act, 2013. Although the word 'shall' has been used in sub-section 5 of Section 135 for making CSR expenditure, second proviso to this sub-section dilutes the spirit of making

the provision mandatory. The second proviso provides that if the Company fails to spend specified amount under CSR, the Board shall in its report specify the reasons for not spending the amount. The Committee strongly feel that the whole purpose of making the CSR spending as mandatory is defeated by the second proviso as a Company can get away easily by simply stating the reasons for not spending prescribed CSR allocations.

Not only that, there is utter confusion about carrying forward of unspent amount allocated in a year under CSR with MCA/DPE. While placing the legal position before the Committee, the Secretary, MCA during the course of deposition stated that the CSR Budget has to be spent within a year, if it is not spent, then it would lapse as far as normal Companies are concerned. On the other hand, as per DPE guidelines, in case of CPSEs, mere reporting and explaining the reasons for not spending this amount in a particular year would not suffice and the unspent CSR amount in a particular year would not lapse. It would instead be carried forward to the next year for utilization for the purpose for which it was allocated. Rural Electrification Corporation Limited (REC) in this regard has observed that CPSEs are at a relative disadvantage viz a viz private sector Companies governed under same Act on this issue. The Committee wonder how two sets of Rules can be applicable to private Companies and CPSEs, making unspent funds for one (private Companies) in a year as lapsable and for the other (CPSEs) making as non-lapsable. The Committee observe that CSR spending has been made mandatory as per Section 135(5) of the Act. As such the Companies have to allocate and spend the prescribed allocations under CSR in a year. The Committee, therefore, strongly recommend to review sub-section 5 of Section 135 of the Act and make suitable amendments in line with spirit of mandatory allocation to be made under CSR by the Companies.

MCA & DPE: Role & Responsibilities

4. The Committee find that as per CSR Act and Rules, the onus for ensuring expenditure as per the prescribed allocations under CSR has been laid on the Board of every Company as per sub-Section 5 of Section 135 of the Companies Act. There is no clarity about the roles and responsibilities of MCA and DPE in implementation of CSR provisions. In the Committee's opinion, MCA has a greater role for implementation of CSR provisions as the Act and Rules are being administered by them. Besides DPE being the coordinating Department for CPSUs, which has issued certain Guidelines with regard to implementation of CSR provisions, remains the main coordinating Department for CPSUs. The year 2014-15 being the first year of implementation of CSR statutory provisions, MCA and DPE have an important role to play. In this scenario, the Committee are of the view that merely collating and compiling the information on CSR expenditure by MCA would not be sufficient. The MCA has to oversee the implementation of CSR so as to ensure that the allocations are spent in the true spirit of CSR for which the data needs to be analyzed for identifying loopholes and providing solutions through necessary directions/guidelines to Companies. The Committee also opine that DPE, being the nodal Department for CPSUs, has to coordinate with MCA and oversee the implementation of CSR provisions by CPSUs. Here the Committee would strongly like to recommend that in line with ensuring executive accountability to Parliament, an Annual Report containing data/inputs, as collated and analysed, should be laid in Parliament by MCA. The Committee would also like to emphasize that the role and responsibilities of the administrative Ministry of the concerned CPSU, MCA and DPE should be clearly spelt out in unambiguous terms so as to avoid confusion and duplication.

Underspending of CSR allocations

5. The analysis of the data furnished by 13 CPSUs, as examined by the Committee, indicates that these 13 CPSUs allocated Rs. 2139.75 crore during the year 2014-15 under CSR which included carry forward amount of unspent amount of previous years, out of which Rs.1020.44 crore was spent thereby leaving Rs.1119.31 crore as unspent amount. Not only that carry forward amount under CSR by some of the CPSUs like ONGC, NHPC, are greater than the annual allocations. The Committee feel that the figure of unspent funds would be manifold if CSR allocations of all eligible CPSUs, private Companies etc. are taken into account, and desire to be apprised of the same. The Committee express serious concern over more than 50 per cent of the allocations remaining unspent with these CPSUs, particularly when they have been implementing CSR for long and have experience and expertise in the field and thus, they would like to be apprised of the reasons for huge under spending in this regard.

6. The Committee observe that with the mandatory two per cent of the net profit of allocations under CSR by Companies, huge resources would be allocated by Companies under CSR. Thus to ensure cent per cent utilization of scarce resources, the Companies have to augment their capacities by taking certain initiatives. On the part of the concerned administrative Ministry, (in case of a CPSU) MCA and DPE, they have to guide and support the Companies. Besides with uploading of audited Annual Reports by Companies, a lot of data have to be collated and analyzed by MCA for which adequate logistic support would be required for which MCA may consider to set up dedicated cell. They desire the Ministry to apprise them of action taken in the matter.

7. The Committee take note of the constraints expressed by Rural Electrification Corporation Limited that planned disbursements against sanctioned project may not take place in a particular year due to reasons beyond their control. The Committee also note that the statutory provisions made with regard to CSR spending will provide continuity to CSR funding and expenditure. With the increased CSR allocations, there is huge scope to give emphasis on durable projects having long gestation period. The Committee, therefore, recommend that a small percentage of allocations, for a specific continuing project, can be permitted strictly under justifiable reasons to be carried forward to the next year. After completion of three years in a row, the unspent amount can be pooled together which can be used by the Government for various poverty alleviation and social sector schemes meant for the poor and backward areas as covered under the activities specified in Schedule VII. However, the corpus of unspent amount should be accounted for separately. The Committee also recommend that the necessary modifications in the statute and Rules may accordingly be made.

<u>Need to revise Proforma</u>

8. The Committee find that CPSUs are not reflecting carry forward amount in a year clearly in the maintained data. In this regard, as per Rule 8 of CSR Rules, the Report of the Company's Board covered under these Rules pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an Annual Report on CSR containing particulars specified in Annexure. In column 5 (c) of the format as given in the Annexure, the manner in which the amount is spent is given. There are eight separate columns for giving the information by the Company. The Committee recommend that 2 more columns i.e. column 9 relating to unspent amount and column 10 about reasons for under spending should

also be added in the format. Further in column 5, amount outlay (budget) project or program wise is to be given. The Committee recommend that two sub-columns under column 5 should be added to indicate the carry forward unspent amount and the total available outlay under CSR in a year. The necessary action in this regard should be taken by MCA / DPE and the Committee apprised accordingly.

Penalty & Fixing Accountability

9. Section 134(8) of the Companies Act states about the penalties for non-compliance of provisions relating to only Section 134, that too with regard to only clause (o) applicable to CSR which states about the details of the policy developed and implemented by the Company on CSR initiatives taken during the year. Thus the Company can only be penalised for not filing of details regarding CSR policy as implemented by the Company, and not for non-compliance of the provisions relating to CSR. Hence a Company can easily get away with filing of requisite details without properly spending on CSR. The Committee find this inadequate to meet the objective of mandatory expenditure under CSR as per the new statutory provisions and strongly recommend for making non-compliance of spending of prescribed allocations on the admissible activities in the prescribed manner a punishable offence and for making suitable provisions in this regard.

10. Further, the MCA has apprised the Committee that the Registrar of Companies is the implementing Authority for the purpose of Section 134 (8) of the Act. The Committee find that as per sub-Section 5 of Section 135 of the Act, the Board of the Company has been made responsible to ensure that the Company spends the requisite amount under CSR. Besides MCA being the administrative Ministry for the purpose of CSR spending, is

responsible for overall compliance of CSR provisions and would be collating and compiling the data about CSR allocations as apprised to the Committee. With regard to CPSUs, DPE being the nodal Department, has also the responsibility to ensure compliance of CSR provisions. There is no clarity with regard to modalities of fixing accountability and imposing penalty by Registrar of Companies who is stated to be the implementing authority for the purposes of Section 134(8) of the Act. The Committee, therefore, recommend that modalities in this regard should be worked out and incorporated suitably in the Act / Rules / Guidelines and the Committee apprised accordingly.

<u>CSR allocations being spent on ineligible activities by CPSUs</u>

11. The analysis of the data furnished by 13 CPSUs examined by the Committee indicates that some of the CPSUs have spent CSR allocations on ineligible activities. For instance, SJVN Limited has made CSR allocations for Support to Municipal Corporation Shimla for Infra works/Beautification of Shimla and Social studies/publication of articles/reports of journals. IOCL has allocated some outlay under CSR for Nomination fee for CSR for Think Media Inc.; Consultation and estimate preparation at schools, Balasore, Odisha; Stakeholder meeting at Tinsukia, Assam; Purchase of Green Board, Office Furniture, Utensils etc. Its subsidiary CPCL had incurred CSR expenditure on salary to PTA teachers of Government Higher Secondary School in Tiruvallur, Tamil Nadu. RVNL has allocated CSR outlay for Training of RVNL officials in Sustainability and Conducting promotional activities with executing contractors at work sites, which in Committee's opinion do not come under the purview of CSR. MCA has also stated that the aforesaid activities may not qualify as CSR. Further, as per the clarifications issued by MCA, one-off events such as marathons / awards / charitable contributions

/advertisement/ sponsorships of TV programmes etc. would not qualify as part of CSR expenditure. The Committee's examination has revealed that such activities are a common feature in the CSR spending by CPSUs as per the data furnished by them to the Committee.

Some of the PSUs have indicated the heads/activities in a vague manner e.g. NHPC in the data furnished to the Committee has mentioned broad areas like Health and Sanitation, Rural Development instead of specifying the activity undertaken in the specific area. Besides, some of the CPSUs in the data furnished to the Committee have just mentioned the name of some of the individuals without indicating the specific purpose for which CSR allocation is being made.

The Committee express strong concern over the way CSR outlay is spent by some of the CPSUs, which apparently does not qualify as CSR. The Committee strongly recommend that such violation of Rules/Guidelines should be taken up with the concerned administrative Ministry and CPSUs and the Committee apprised about the action taken in this regard. It is also emphasized to analyse the data carefully to ensure that the CSR allocations are spent on eligible activities in the true spirit of CSR. The Committee would also like to recommend that concerned CPSU should be instructed to allocate an equal amount to the allocation made for an activity found inadmissible on CSR, which may be reflected separately in the carry forward amount. The necessary action on the desired lines should be taken by the Ministry.

Rail Vikas Nigam Limited, which is under the administrative control of the Ministry of Railways, has in the information furnished to the Committee stated that the Ministry of Railways has assigned targets for upgradation of passenger amenities through CSR. Not only that, Railway Board has given similar targets to other CPSUs under its administrative control. The Committee in this regard recommend that under the 'enhanced railways amenities' activities under CSR, emphasis should be given to disabled and

elderly-friendly infrastructure, for instance escalators / ramps and other modified public utilities, at Railway stations.

12. The Committee note that CSR Rules provide for the negative list of CSR which clearly exclude CSR projects benefitting only the employees of the Companies and their families and contribution of any amount directly or indirectly to any Political Party as well as activities undertaken in pursuance of normal course of business by a company. Besides MCA has also issued a set of clarifications whereby it is stated that the expenses incurred by Companies for the fulfillment of any Act/Statue would not count as CSR expenditure. In addition one-off events such a marathons/awards/charitable/ contribution/advertisement/sponsorships of TV programmes etc. would not qualify as part of CSR expenditure. The Committee recommend that the negative list of activities as given in the Rules/Clarifications of MCA/DPE Guidelines should be compiled and uploaded on MCA website with clear cut directions for compliance by the Companies including CPSUs.

13. With allocation of two per cent of the average net profit of the Company during the three immediately preceding financial years for CSR, the allocations for CSR by a PSU would increase considerably. The Committee's examination of the data given by CPSUs indicates that resources are being spread thinly on diversified activities. The Committee find that in the clarifications issued by the Ministry of Corporate Affairs, it is stated that CSR activities should be undertaken by the Companies in project/programme mode. Some of the PSUs examined by the Committee have given suggestions to give emphasis on long-term and sustainable benefits for the communities, on creating durable assets and choosing fewer activities with concentrated efforts on projects. The Committee,

while agreeing with the suggestions given by CPSUs, would like to recommend for prioritizing the activities by the nodal Ministry i.e. MCA as per the priority of the Government. CPSUs examined by the Committee have stated that they enjoy full autonomy in selection/finalization of CSR activities. While appreciating the autonomy of CPSUs, the Committee recommend that the respective administrative Ministries/CPSUs may be sensitized to give more emphasis on creating durable assets, having long-term planning and prioritizing activities in line with the policy of the Government so as to have an impact on the lives of the targeted masses/areas.

Local area/PAN India approach

14. First proviso to section 135(5) of the Companies Act provides that the Company shall give preference to local areas and areas around it where it operates, for spending the amount earmarked for CSR activities. The data furnished by the CPSUs indicates that some of the CPSUs like Power Finance Corporation have no specific geographical area of commercial operations and hence may take up CSR activities/projects at any location. With regard to CPSUs having specific geographical area of commercial operation, some of the CPSUs have allocated percentage of allocations for CSR, like CONCOR, is endeavoring to ensure that 80 per cent of CSR initiatives are carried out in the local area. RVNL on the other hand has not undertaken CSR activities in other areas where it does not have its presence/operations. In some other CPSUs, like REC, no specific budget is allocated for carrying out activities in the local areas. The Committee, while appreciating the concept of local area and the flexibility given to the Companies, within the provisions made under the Act, believe that a minimum amount needs to be spent under CSR in areas outside the local area of operation by a Company so as to ensure PAN India impact of CSR.

The Committee, therefore, would like to recommend that Companies need to give adequate emphasis on spending CSR allocation on other than the local areas which besides ensuring PAN India impact of CSR, would also make the presence of the Company felt throughout the country. Necessary provisions should accordingly be made in the Act/Rules/Guidelines.

15. The Committee further note that 'local area' has not been defined in the Act/Rules. The Committee find from the information made available by some of the CPSUs, that 'local area' has not been spelt out by the Companies too. However in case of CONCOR, the local area has been defined as an area within the radius of 200 Kms. of the Company's facilities/units. The Committee recommend that the term 'local area' should be clearly defined so as to have uniform pattern of spending made on CSR by Companies in the local areas of their operations. The necessary action in this regard should be taken by MCA, and the Committee apprised accordingly.

<u>Collaboration with other Companies for undertaking CSR projects</u>

16. The Committee note that although Rule 4(3) of CSR Rules provides that a Company may collaborate with other Companies for undertaking CSR projects, very few such collaborations were quoted by CPSUs when information was specifically sought by the Committee. The Committee feel that there is a need to pool together the thin resources of the Companies on major activities/programmes so as to have impact on the ground. In case of pooling of resources by two or more CPSUs, the issues relating to reporting of expenditure need to be dealt with. The concerns expressed by the Committee in this regard should be appropriately communicated to the concerned administrative Ministries and CPSUs.

Involvement of local/ public representatives & local administration

17. The Committee observe that the essence of CSR lies in greater public participation so as to achieve the goal of inclusive growth. Hence, they are of the view that local MPs/MLAs and elected representatives of local bodies should be involved more effectively for selection /finalization of projects as they are in a better position to identify the problems/necessity of poor people in the area they represent. The Committee would also like that while selecting activities/projects under CSR, Panchayats, District administrations and the State Governments should also be consulted for effective implementation as well as to avoid duplication of resources for same project/activity. Above all, there should be mechanism to involve the local masses who are the beneficiary for the project/activity at the larger scale as their active participation would certainly give a feeling of ownership which would solve the problem of maintenance. The Committee emphasize that suitable provisions in the Rules/Guidelines should be made in this regard and the Committee apprised, accordingly.

CSR activities under various Government programmes & schemes

18. As regards the CSR activity concerning construction of toilets, the Committee note that all the 13 CPSUs examined by them had spent substantial CSR funds on construction of toilets in their local areas of operations. The CPSUs have also informed the Committee that their administrative Ministries were given certain targets by the Ministry of Human Resource Development under the 'Swachh Bharat Swachh Vidyalaya Programme' for construction of toilets. However the Committee are surprised that neither MCA nor DPE are aware of any such targets given to CPSUs. Despite the Committee's inquiry, none of them bothered to approach the Ministry of Human Resource Development to get any clarification on this aspect. Later in response to a specific query, the

Department of School Education and Literacy, Ministry of Human Resource Development in the written replies informed that they launched the Swachh Vidyalaya initiative, in response to the national call given by the Prime Minister on 15 August 2014, that within one year, there should be no school in India without separate toilets for girls and boys. Under this initiative, the MCA and DPE were approached, among all other Central Ministries, on 1 September, 2014, by them to persuade the CPSUs under them to participate in the same. The Committee were further informed that 64 CPSUs participated in the Swachh Vidyalaya initiative, which reported construction of 1.41 lakh toilets on the Swachh Vidyalaya portal. The Committee cannot but express their disappointment at the ignorance of the representatives of MCA and DPE displayed at the time of evidence and caution them to answer queries of the Committee with requisite seriousness. Further, the Committee were also apprehensive about overlapping / duplication on this particular scheme since the Central Government and State Governments are also involved in implementation of the same. They failed to get any clear view on the matter and thus desire that there is a need to develop appropriate coordination mechanism to avoid duplication and overlapping. As the CPSUs may be involved in the implementation of national priority programmes in future too, they recommend that the DPE must ensure that all administrative Ministries of CPSUs report to MCA / DPE about any directions given to them to undertake CSR activities through their CPSEs in connection with a Central Sector Scheme.

<u>Monitoring and ensuring durable quality assets</u>

19. The Committee note that a large number of assets/ infrastructure are being created under CSR activities and endorse it as they opine that the emphasis of CSR should be on establishing assets for long-time use. The

quality & durability of these assets is a major area of concern and needs to be ensured for long term use of the beneficiaries. The Committee feel that keeping a thorough check on credentials of the vendor including inspection of processes of vendor during execution of the project, carrying out quality audits by a certified 3rd party, warrantees/ guarantees against defects in the contract, regular monitoring and inspection of the projects, etc. will help in ensuring the quality and durability of the assets/ infrastructure created under CSR activities. The Committee desire that suitable directions in Guidelines be incorporated to be followed by CPSUs/ Implementing agencies in this regard.

20. The Committee would also like to emphasize that whenever an asset is created by a CPSU under CSR, a display board may be erected at the site specifying name of implementing agency, cost of construction, likely date for completion of the project alongwith the telephone number of the officer of CPSU/administrative Ministry who may be contacted by the public for any query/complaint. The Committee also suggest that MCA should develop a distinct uniform size, colour scheme and content for such board. Such a mechanism, besides making people aware of CSR programme, would also act as an effective monitoring mechanism.

21. While emphasizing again for the involvement of local bodies i.e. Gram Panchayat and Municipalities in the implementation and monitoring of CSR activities, the Committee would like to recommend that the mechanism of social audit may be introduced for the larger involvement of public in the monitoring of CSR activities. Suitable provisions in this regard should be made in the Rules/Guidelines.

ISO-26000:2010

22. The Committee note that the ISO-26000:2010 standard shares best practices relating to social responsibility globally, and thus, could be a good source of guidance to all Government departments in formulating/ enhancing/ improving standards and guidelines for undertaking social responsibility. The Committee have been informed by the MCA that they do not propose to do the same. They find such an approach regressive and feel that the MCA must study these guidelines to familiarize themselves with best global CSR practices and improve their efforts to ensure compliance of CSR legislation in the best possible manner.

Maintenance of assets/ equipment

23. The Committee were also not convinced about arrangements made for the maintenance of the toilets and their structures, once constructed and equipment e.g. solar lights, etc., once installed. Though certain CPSUs had stated during examination that they maintain their assets initially and hand it over to the local body afterwards, the practice is not followed uniformly. Besides, the Committee opine that as maintenance of durable assets is a must for their optimal utilization, fool-proof mechanism and funding needs to be established for the same in coordination with the local body of the area. Some Guidelines for maintenance of durable assets created under CSR need to be issued by the MCA too which may make it mandatory for the implementing CPSU to maintain their assets for minimum period of three years followed by handing over maintenance responsibility to the local bodies/users, during which the local bodies/users may be actively involved, which would ultimately make the handing over of the assets, an easier task. The Committee also suggest to explore the possibility of creation of a project specific sustainability fund with contribution from users and laying down procedures for operating the fund

to meet maintenance need and other contingencies. They also desire that adequate awareness campaigns by the concerned authorities need to be arranged so that people are able to utilize such assets optimally. Particularly with regard to toilets being constructed under Swachh Bharat Abhiyan, the Committee may like to emphasize for educating the children about the bad effects of open defecation so as to encourage them and their families through them, to use the toilets. Not only that, before taking up a project under CSR, the issue of maintenance including adequate water supply to toilets needs to be settled with the local bodies/users. The Committee applaud the efforts made by some of the CPSUs like ONGC, NFL which have taken/are taking the issue of maintenance with Sulabh/District Education Department etc. In case of CONCOR, all MoUs signed with the users/beneficiaries have clauses clearly stating that the onus of maintenance and sustainability of assets/infrastructure lies with the user/beneficiaries. The Committee recommend that the necessary guidelines/directions on the lines of the suggestions made by the Committee should be framed and circulated to the Companies for compliance.

<u>Geo -tagging of assets/ infrastructure created under CSR</u>

24. In this era of technological innovation, new technological solutions are emerging for phase-wise monitoring of assets being created on the ground. Geo-tagging software for photographic evidence is one such technique which can be used easily with a smart phone having GPS coordinates for online monitoring of assets created under CSR. Though certain CPSUs like CONCOR and PFC have made a beginning in this area, the Committee recommend for such geo-tagging to be done by all CPSUs, wherever feasible and the actual site pictures of the assets so created, through the technology may be uploaded on the website of CPSUs/private Companies.

Skill Development and Employability

25. The Committee note that Skill Development is being taken up by many CPSUs as a major part of their CSR activities. However, many CPSUs were found not to be maintaining any data on the number of persons to which skill development training was provided as well as the number of persons provided placement/ employment subsequent to the skill development training. Further, most of the CPSUs examined by the Committee were found to be not preferring such candidates in their recruitment process except GAIL. The Committee note that placement of persons after providing skill development training is a vital area of concern otherwise the very purpose of providing skill development training would get defeated. The Committee, therefore, desire that CPSUs should, at the first instance, maintain a data on the persons who are given skill development training and those gainfully employed, subsequent to the training, in order to have an assessment of the number of persons who have actually benefited from the training under CSR. Further, the CPSUs should devise courses and impart training in those fields which are vital in their own functioning so as to subsequently absorb the trainees.

CSR for critically ill people

26. The Committee are pained to see the ever-increasing incidence of critical/ life-threatening diseases among the poor population particularly when the affected person/family are not in a position to bear the cost of treatment of such ailments. Equally disturbing is inadequate and decreasing allocation for health care as is evident from the budgetary allocation made by the Ministry of Health and Family Welfare during the year 2015-16. Not only that budgetary allocation for some of the critical health care programmes like cancer, stroke, cardio vascular diseases, etc during the current year are nil or negligible. The Committee are aware of

the fact that the poor are forced to turn towards the moneylenders, pawnbrokers and other undesirable elements of society for financial help to cover the cost of treatment. Hence, assistance provided to the poor under CSR can be of some help to them at a time the poor and their families are fighting against critical health and life threatening ailments. They feel that Companies do their bit under CSR, to mitigate their sufferings under CSR. However, as admitted by the representative of IOCL, the Companies hardly monitor as to whether the CSR funds given by them to hospitals actually benefit the poor patients. In this connection, the Committee appreciate that the PMO, if approached by a serious patient through a detailed proforma certified by the treating hospital for funds to bear the cost of treatment, sends their contribution directly to the hospital itself from the Prime Minister's Relief Fund. The Committee are of the strong view that such humanitarian practices can be replicated by Companies under CSR too so that poor people suffering from terminal illnesses could get some relief through CSR. Hence, they recommend DPE to include this activity in the list of activities under CSR.

The Committee also recommend that a separate cell in Ministry of Health and Family Welfare should be setup to assist and monitor the grant provided to these affected persons through PSUs CSR budget on the pattern of Prime Minister's Relief Fund where relief for treatment is provided to the patient through hospital only. The said cell in the Ministry can also regulate CSR allocations and its utilization by the PSUs and Private Companies for providing health related equipment and infrastructural support to the various health institutions particularly in remote, hilly and backward areas of the country. After identifying the hospitals and medical institutions in the relevant areas, this cell can coordinate, monitor and provide assistance from PSUs and private Companies to these institutions for building up strong infrastructural

support/critical medical equipment for super specialty assistance in health care in rural and backward areas of the country.

Awards for excellence under CSR

27. The Committee note that neither MCA nor DPE has instituted any award to be given to the best performing PSUs by their administrative Ministries to further motivate them to carry out CSR activities in the best possible manner. In the Committee's view, any commendable CSR work which makes a major difference in the lives of the poor / backward regions, needs to be recognized as well as propagated to keep the motivation level high. Hence they recommend that an award may be instituted by the MCA for the same. Also, as all CSR activities are decided upon and implemented by the work force of a CPSU, the Committee feel that each CPSU must identify and award an employee annually who does exceptional work in the field of CSR. The Committee further desire that success stories of PSUs in the area of CSR need to be posted on the web too to serve as guiding force. They urge the MCA and DPE to initiate positive action on the matter and report action taken on the same expeditiously.

High Level Committee on CSR

28. The Committee find that the High level committee on CSR, set up by MCA, has submitted their Report, which is currently under consideration. They desire to be apprised of the action taken by the Government on the recommendations of the High level Committee on CSR.

29 As regards, the ceiling on administrative overhead cost by the CPSE in the implementation of CSR activities, the Committee notice that the said High Level Committee had recommended that the same should be increased from the present five percent to not more than ten percent of the CSR expenditure of the Company for which amendment to the Companies

Act and/or CSR policy rules 2014 would be required. However, the Committee are not in favour of increasing the percentage from current five percent as ceiling on administrative cost. Therefore, they recommend that the ceiling should remain as not more than five percent of the CSR expenditure of the Company. They also feel that said expenditure on administrative costs must be properly accounted for.

<u>CSR Hub under TISS & selection of implementing agencies</u>

30. The Committee note that the DPE has set up a National CSR Hub, located within the Tata Institute of Social Sciences, on 21.3.2011 to facilitate the CSR activities of PSE. In this connection, the DPE has informed that the said hub at TISS is for facilitating CPSEs to utilize their services and that of the 422 implementing agencies empanelled with the Hub for undertaking their CSR activities/projects. The Committee further note that CPSEs are at liberty to undertake their activities/projects approved by their Board either through a registered trust or a registered society or a company established by the Company or its holdings or subsidiary or associate company under section 8 of the Companies Act. During their examination of various CPSEs the Committee have noticed that for selecting implementing agencies, different practices are being followed. Also, while some of these have established a foundation to carry out their CSR activities, some have entrusted the task to an NGO from the list of 422 agencies empanelled with TISS. The Committee feel that so far as NGOs are concerned, there should be a mechanism to evaluate their expertise and credibility on a regular basis by the Government. Therefore, they desire that the administrative Ministries/MCA/DPE should take action on the matter. Further, the Committee appreciate that the CSR Hub has prepared a strategic CSR Framework and uploaded it on their webpage. The

Committee desire to be apprised of the contribution of the CSR Hub so far in the task mandated for it.

Professionalism and Expertise in CSR implementation

31. The Committee on Public Undertakings have the mandate to examine CPSUs. The provisions relating to CSR made in the Act and Rules pertaining to CSR are applicable to all the Companies registered under the Companies Act, 2013, which include CPSUs. Hence some of the general recommendations made by the Committee, particularly where the Committee have suggested for review of Act/Rules, may equally be applicable to private Companies too. The Committee are also conscious of the fact that Companies have their core area of activity to concentrate on. The Committee hope and trust that the Companies would bring professionalism and expertise in the CSR implementation, which would translate into better participation of all sections of society into the overall development process. The Committee emphasize for the expeditious action on the recommendations of the Committee.

New Delhi;
01 December, 2015
10 Agrahayana, 1937(S)

SHANTA KUMAR
Chairperson,
Committee on Public Undertakings

APPENDIX I
COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-16)

MINUTES OF THE THIRD SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 9th June 2015 from 1100 hrs. to 1200 hrs. in Room No. 53, First Floor, Parliament House, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Prahlad Patel
4. Shri Rayapati Sambasiva Rao
5. Shri Sushil Kumar Singh

Rajya Sabha

6. Shri Narendra Budania
7. Shri Praful Patel
8. Shri C.M. Ramesh
9. Shri Tapan Kumar Sen

SECRETARIAT

1.	Shri M.C. Sharma	Joint Secretary
2.	Shri M.K. Madhusudhan	Director
3.	Shri G. C. Prasad	Deputy Secretary

OFFICE OF C&AG

Shri P. Sesh Kumar	Director General (Commercial)-I

WITNESSES
NHPC LIMITED

1.	SHRI R.S.T. Sai	CMD

2. Shri D.P. Bhargava Director (Technical)

At the outset, the Chairperson welcomed the representatives of NHPC Limited and drew their attention to Direction 58 of the Directions by the Speaker, Lok Sabha regarding evidence before the Parliamentary Committees.

2. The CMD, NHPC Limited then introduced his colleagues and made an audio-visual presentation explaining the activities / programmes undertaken by NHPC in the area of Corporate Social Responsibility (CSR). Thereafter, the Chairperson and members raised queries on various aspects pertaining to the CSR scheme *viz* poor utilization of funds and improper accounting standards with respect to expenditure incurred on CSR activities, nature of CSR activities undertaken and areas where undertaken, physical verification of CSR activities completed, association of local public representatives in finalization of CSR activities, involvement of NGO's and Government agencies in execution of CSR projects, need for carrying CSR activities in the backward districts identified by Planning Commission, etc. In respect of points for which information was not readily available with the representatives of NHPC, they were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of NHPC Limited then withdrew.)

3. The Committee, then, considered the draft Action Taken Report on the action taken by the Government on the observations/recommendations contained in the Twenty-seventh Report of Committee on Public Undertakings (Fifteenth Lok Sabha) on Joint Venture Operations of ONGC Videsh Limited based on Audit Report No. 28 of 2010-11 (Performance Audit) and adopted the same without any change. The Committee also authorised the Chairperson to present the Report to Parliament on their behalf, after obtaining factual verification.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX II

COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-16)

MINUTES OF THE FOURTH SITTING OF THE COMMITTEE

The Committee sat on Monday, the 24th August 2015 from 1100 hrs. to 1300 hrs. in Committee Room No. B, Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri Pankaj Chaudhary
5. Shri Baijayant Panda
6. Shri Prahlad Patel
7. Prof. Saugata Roy
8. Shri B. Senguttuvan

Rajya Sabha

9. Shri Rangasayee Ramakrishna
10. Shri Tapan Kumar Sen

SECRETARIAT

1.	Shri M.C. Sharma	Joint Secretary
2.	Shri M.K. Madhusudhan	Director
3.	Shri G. C. Prasad	Deputy Secretary

WITNESSES
POWER FINANCE CORPORATION LIMITED

1.	Shri M. K. Goel	CMD
2.	Shri R. Nagarajan	Director (Finance)

3. Shri A. K. Agarwal Director (Projects)

CONTAINER CORPORATION OF INDIA LIMITED

1. Shri Anil Kumar Gupta CMD
2. Shri Manoj K. Akhouri Director, Board
3. Shri N. Madhusudan Rao Director, Board

At the outset, the Chairperson welcomed the representatives of Power Finance Corporation Limited (PFC) and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the proceedings of the Committee during the course of evidence before the Parliamentary Committees.

2. The representatives of PFC then made a power point presentation explaining the initiatives / programmes undertaken by PFC in the area of Corporate Social Responsibility (CSR) activities. Thereafter, the Chairperson and members raised queries on various aspects pertaining to the CSR scheme *viz* under utilization of funds, need for involvement of elected public representatives, viz., MPs/ MLAs/ representatives of local bodies of the area concerned, in identification / selection of implementing agencies and monitoring of CSR projects taken up / implemented throughout the country especially in backward districts identified by Niti Aayog for carrying CSR activities, etc. In respect of points for which information was not readily available with the representatives of PFC, they were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of PFC Limited then withdrew.)

3. Thereafter, the representatives of Container Corporation of India Limited (CONCOR) were called in for tendering oral evidence. The Hon'ble Chairperson in his opening remarks highlighted various aspects relating to implementation of CSR activities by CONCOR. He also drew the attention of representatives to Direction 55(1) of the Directions by the Speaker relating to confidentiality of proceedings of the Committee during the course of evidence before the Parliamentary Committee. The representatives of CONCOR then made power point presentation explaining the initiatives / programmes undertaken by CONCOR in the area of Corporate Social

Responsibility (CSR). Then, the members raised queries on various aspects pertaining to the CSR scheme *viz* under utilization of funds for CSR activities, involvement of elected public representatives of the area concerned for finalization of CSR activities, physical verification of CSR activities, selection of NGOs and Government agencies for execution of CSR projects throughout the country especially in backward districts identified by Niti Aayog for carrying CSR activities, etc. In respect of points for which information was not readily available with the representatives of CONCOR, they were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of CONCOR then withdrew.)

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX III

COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-16)

MINUTES OF THE FIFTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 25th August 2015 from 1100 hrs. to 1300 hrs. in Committee Room 'B', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri Biren Singh Engti
5. Shri Baijayant Panda
6. Shri Prahlad Patel
7. Shri Ram Sinh Rathwa
8. Shri B. Senguttuvan
9. Shri Sushil Kumar Singh

Rajya Sabha

10. Shri Praful Patel
11. Shri Rangasayee Ramakrishna
12. Shri C.M. Ramesh
13. Shri Tapan Kumar Sen

SECRETARIAT

1.	Shri M.C. Sharma	Joint Secretary
2.	Shri M.K. Madhusudhan	Director
3.	Shri G.C. Prasad	Deputy Secretary

WITNESSES

BHARAT PETROLEUM CORPORATION LIMITED

1.	Shri S. Varadarajan	CMD
2.	Shri S.P. Gathoo	Director (HR)
3.	Shri R.R. Nair	GM (HR)

RAIL VIKAS NIGAM LIMITED

1.	Shri Satish Agnihotri	CMD, RVNL
2.	Smt. Gita Mishra	Director (Personnel)
3.	Shri Mukul Jain	Director (Operation)

2. At the outset, the Chairperson welcomed the representatives of Bharat Petroleum Corporation Limited (BPCL) and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding evidence before the Parliamentary Committees.

3. The representatives of BPCL then made a power point presentation explaining the initiatives / programmes undertaken by BPCL in the area of Corporate Social Responsibility (CSR). Thereafter, the Chairperson and members raised queries relating to implementation of CSR activities in BPCL. The issues raised by the members included involvement of MPs/ MLAs and elected representatives of local bodies in identification of CSR activities, selection of implementing agencies, etc. The representatives of BPCL responded to the queries of members of the Committee and assured written replies on the issues on which the information was not readily available.

(The representatives of BPCL then withdrew.)

4. Thereafter, the representatives of Rail Vikas Nigam Limited (RVNL) were called in for tendering oral evidence. The representatives of RVNL then made a power point presentation explaining the initiatives / programmes undertaken by RVNL in the area of Corporate Social Responsibility (CSR). Then, the Chairperson and members raised queries on various aspects pertaining to the CSR scheme *viz* inadequate

allocation and utilization of funds for CSR activities, consultation with public representatives of the area concerned for finalization of CSR activities, physical verification of CSR activities, selection of NGO's and Government agencies for execution of CSR projects throughout the country. In respect of points for which information was not readily available with the representatives of RVNL, they were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of RVNL then withdrew.)

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX IV

COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-16)

MINUTES OF THE SIXTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 8th September 2015 from 1100 hrs to 1300 hrs in Committee Room '139', First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri Pankaj Chaudhary
5. Dr. Kambhampati Haribabu
6. Shri Prahlad Patel
7. Prof. Saugata Roy
8. Shri Sushil Kumar Singh

Rajya Sabha

9. Shri Narendra Budania
10. Shri Muthukaruppan
11. Shri Rangasayee Ramakrishna
12. Shri Tapan Kumar Sen

SECRETARIAT

1.	Shri M.C. Sharma	Joint Secretary
2.	Shri G.C. Prasad	Deputy Secretary

WITNESSES
STEEL AUTHORITY OF INDIA LIMITED

1.	Shri Rakesh Singh	CMD
2.	Shri Anil Chaudhary	Director (Finance)
3.	Shri Shitanshu Prasad	ED(P&A)

RURAL ELECTRIFICATION CORPORATION LIMITED

1.	Shri Rajeev Sharma	CMD
2.	Shri A.K. Agrawal	Director (Finance)
3.	Shri Dr. Dinesh Arora	CEO

2. At the outset, the Chairperson welcomed the representatives of Steel Authority of India Limited (SAIL) and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding evidence before the Parliamentary Committees.

3. The representatives of SAIL then made an audio-visual presentation explaining the initiatives / programmes undertaken by SAIL in the area of Corporate Social Responsibility (CSR). Thereafter, the Chairperson and members raised queries on various aspects pertaining to the CSR scheme *viz* inadequate allocation and utilization of funds for CSR activities, consultation with public representatives of the area concerned for finalization of CSR activities, physical verification of CSR activities, selection of NGO's and Government agencies for execution of CSR projects throughout the country specially in backward districts identified by Planning Commission for carrying CSR activities, etc. In respect of points for which information was not readily available with the representatives of SAIL, they were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of SAIL then withdrew.)

4. Thereafter, the representatives of Rural Electrification Corporation Limited (REC) were ushered in for tendering oral evidence. The representatives of REC then made an audio-visual presentation explaining the initiatives / programmes undertaken by REC in the area of Corporate Social Responsibility (CSR) activities. Thereafter, the Chairperson and members raised queries on various aspects pertaining to the CSR scheme *viz* inadequate allocation and utilization of funds for CSR activities, consultation with public representatives of the area concerned for finalization of CSR activities, physical verification of CSR activities, selection of NGO's and Government agencies for execution of CSR projects throughout the country specially in backward districts identified by Planning Commission for carrying CSR activities, etc. In respect of points for which information was not readily available with the

representatives of REC, they were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of REC then withdrew.)

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX V

COMMITTEE ON PUBLIC UNDERTAKINGS

(2015-16)

MINUTES OF THE SEVENTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 9th September 2015 from 1100 hrs to 1230 hrs in Committee Room '139', First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Dr. Kambhampati Haribabu
5. Shri Prahlad Patel
6. Prof. Saugata Roy
7. Shri Sushil Kumar Singh

Rajya Sabha

8. Shri Narendra Budania
9. Shri Praful Patel
10. Shri Rangasayee Ramakrishna
11. Shri C.M. Ramesh

SECRETARIAT

1. Shri M.C. Sharma — Joint Secretary
2. Shri G.C. Prasad — Deputy Secretary

WITNESSES

NATIONAL ALUMINIUM COMPANY LIMITED

1.	Shri T.K. Chand	CMD
2.	Shri N. R. Mohanty	Director (P&T)
3.	Shri S.C. Padhy	Director (HR)
4.	Shri K.C. Samal	Director (Finance)
5.	Shri V Balasubramanyam	Director (P)
6.	Ms. Soma Mondal	Director (Commercial)

2. At the outset, the Chairperson welcomed the representatives of National Aluminum Company Limited (NALCO) to the sitting. He then drew the attention of the representatives to direction 55(1) of the Directions by the Speaker regarding confidentiality of proceedings of the Committee during deposition before the Parliamentary Committees.

3. Thereafter, the CMD, NALCO outlined in detail the activities and achievements of the Company through power point presentation. The presentation highlighted various aspects of the functioning of the Company, viz., the organizational structure of NALCO, various indicators vis-à-vis physical and financial performance initiatives being taken by the Company to ensure production and supply of alumina and aluminum, initiatives being taken by the Company with respect to modernization and technological upgradation, mining of bauxite, commissioning of captive power plants, CSR expenditure etc.

4. After the presentation, the members raised queries on a wide range of issues pertaining to the functioning of the Company which include NALCO's consistent failure to achieve production targets, prospects of increasing production in future, lower expenditure on CSR, etc. The representatives of NALCO responded to most of the queries. In respect of points for which information was not readily available with them, the witnesses assured the Committee that written replies in respect of those points will be furnished at the earliest.

The representatives of NALCO then withdrew.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX VI

COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-16)

MINUTES OF THE NINTH SITTING OF THE COMMITTEE

The Committee sat on Tuesday, the 29th September 2015 from 1100 hrs to 1340 hrs in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri Prahlad Patel
5. Shri Rayapati Sambasiva Rao

Rajya Sabha

6. Shri Narendra Budania
7. Shri Muthukaruppan
8. Shri Rangasayee Ramakrishna

SECRETARIAT

1.	Smt. Sudesh Luthra	Joint Secretary
2.	Smt. Anita B. Panda	Director
3.	Shri G.C. Prasad	Deputy Secretary

WITNESSES
GAIL (INDIA) LIMITED

1.	Shri B.C. Tripathi	CMD
2.	Shri M. Ravindran	Director (HR&BD)
3.	Shri S.K. Vaid	ED

OIL AND NATURAL GAS CORPORATION LIMITED

4.	Shri D.K. Sarraf	CMD
5.	Shri D.D. Misra	Director (HR)
6.	Shri Alok Misra	ED

2. At the outset, the Chairperson welcomed the Members and representatives of GAIL and drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of proceedings during evidence before the Parliamentary Committees till the Report on the subject is presented to Parliament.

3. The representatives of GAIL then made a power point presentation explaining the initiatives / programmes undertaken by them in the area of Corporate Social Responsibility (CSR) before as well as after the statutory provisions which made CSR mandatory. Highlights of the PPT were activities like completion of targets for construction of toilets; GAIL Ujjawal programme for meritorious children, impact of CSR activities of GAIL by way of bringing down crime rate in Jhabua, Madhya Pradesh; special programme being run for Safai Karamcharis in North East etc. Thereafter, queries and concerns were raised by the Members of the Committee which *inter-alia* include need for involving elected representatives *viz* MPs, MLAs in selection of CSR activities, focus on CSR schemes targeted to poorest of poor beneficiaries etc. Other aspects like allocation and utilization of CSR funds, selection of NGOs and Government agencies for execution of CSR projects, physical verification of CSR activities, the need to render financial assistance for treatment of life threatening diseases etc. were also discussed at length. In respect of points for which information was not readily available, the representatives of GAIL were asked to furnish the written replies to the Committee Secretariat at the earliest.

(The representatives of GAIL then withdrew.)

4. After a brief tea break, the representatives of Oil and Natural Gas Corporation (ONGC) were ushered in for tendering oral evidence on their CSR activities. The Chairperson welcomed the representatives of ONGC and drew their attention to Direction 55 (c) regarding confidentiality of deliberation of the Committee till the Report on the subject is presented to Parliament. The representatives of ONGC then made a

Power Point presentation explaining the initiatives / programmes undertaken by ONGC in this area. It was informed that an ONGC foundation has been established for CSR, which is soon to be activated. It was highlighted that ONGC is constructing Shivsagar Hospital for treatment of cancer cases in the North-East. Thereafter, the Chairperson and Members raised queries on various aspects relating to CSR *viz* utilization of funds for CSR activities in the most backward areas, consultations with public representatives of the area concerned for finalization of CSR activities, physical verification of CSR activities and need for more clarity on carry forward CSR funds, selection of NGOs and Government agencies for execution of CSR projects throughout the country specially in backward districts for carrying out CSR activities, etc. In respect of points for which information was not readily available with the representatives of ONGC, they were asked to furnish the same to the Committee Secretariat at the earliest.

The representatives of ONGC then withdrew.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX VII

COMMITTEE ON PUBLIC UNDERTAKINGS

(2015-16)

MINUTES OF THE TENTH SITTING OF THE COMMITTEE

The Committee sat on Thursday, the 8th October 2015 from 1100 hrs to 1340 hrs in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Dr. Kambhampati Haribabu
5. Shri Prahlad Patel
6. Shri Ram Sinh Rathwa
7. Prof. Saugata Roy

Rajya Sabha

8. Shri Narendra Budania
9. Shri Praful Patel
10. Shri Rangasayee Ramakrishna

SECRETARIAT

1.	Smt. Sudesh Luthra	Joint Secretary
2.	Shri G.C. Prasad	Deputy Secretary

Representatives of Rashtriya Ispat Nigam Limited (RINL)

1.	Shri P. Madhusudan	CMD
2.	Shri P. K. Mohapatra	GM (Law & Admn.)

Representatives of Satluj Jal Vidyut Nigam Limited (SJVNL)

1.	Shri R. N. Mishra	CMD
2.	Shri Nand Lal Sharma	Director (Personnel)

2. At the outset, the Chairperson welcomed the Members and the representatives of Rashtriya Ispat Nigam Limited (RINL) to the sitting of the Committee and informed them that the sitting had been convened to take evidence of the representatives of RINL in connection with the examination of the subject 'Corporate Social Responsibilities in select CPSUs'. Thereafter, he drew the attention of the representatives of RINL to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the evidence before the Parliamentary Committees.

3. The representatives of RINL then made a Power Point presentation explaining the initiatives / programmes undertaken by them in the area of Corporate Social Responsibility (CSR) before as well as after bringing CSR under the statutory provision, which made CSR mandatory. Highlights of the PPT were activities undertaken under CSR like infrastructure development, preventive healthcare and sanitation, safe drinking water for tribal areas of Visakhapatnam, setting up of a blood bank, skill training in villages, environmental care through target plantation of 4,50,000 trees under the Green Visakha Project in city areas etc. Thereafter, queries were raised by the Members of the Committee which *inter-alia* included focus of CSR on activities/ programmes benefiting poor/ backward areas; involving of public representatives of the area concerned in selection of CSR activities to be *etc*. Other aspects like allocation and utilization of CSR funds, selection of NGOs and Government agencies for execution of CSR projects, physical verification of CSR projects/ activities, the need to render financial assistance for treatment of life threatening diseases under CSR etc. were also discussed at length. In respect of points for which information was not readily available, the representatives of RINL were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of RINL then withdrew.)

4. After a brief tea break, the representatives of Satluj Jal Vidyut Nigam Limited (SJVN) were called in for tendering oral evidence on their CSR activities. The representatives of SJVN then made a Power Point presentation explaining the CSR initiatives / programmes undertaken by SJVN which also indicated almost 100% utilisation of CSR allocation during the last 4 years. The activities highlighted were Swachh Bharat Abhiyaan, merit scholarships, schemes for underprivileged children, construction of an institute for muscular dystrophy etc. Thereafter, the Chairperson and Members raised queries on various aspects relating to CSR *viz* utilization of funds for CSR activities in the most backward areas, physical verification of CSR activities and need for more clarity on carry forward CSR funds. In respect of points for which information was not readily available, the representatives of SJVN were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of SJVN *then withdrew.)*

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX VIII

COMMITTEE ON PUBLIC UNDERTAKINGS

(2015-16)

MINUTES OF THE ELEVENTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 9th October 2015 from 1100 hrs to 1330 hrs in Committee Room '139', First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Ramesh Bais
4. Shri Ram Sinh Rathwa
5. Shri Rayapati Sambasiva Rao
6. Prof. Saugata Roy

Rajya Sabha

7. Shri Narendra Budania
8. Shri Muthukaruppan
9. Shri Rangasayee Ramakrishna

SECRETARIAT

1.	Smt. Sudesh Luthra	Joint Secretary
2.	Smt. Anita B. Panda	Director
3.	Shri G.C. Prasad	Deputy Secretary

Representatives of Indian Oil Corporation Limited (IOCL)

1.	Shri B. Ashok	CMD
2.	Shri Verghese Cherian	Director (HR)

Representatives of National Fertilizers Limited (NFL)

1.	Shri Manoj Mishra	CMD
2.	Capt. Pavan Kumar Kaul	Director (Marketing)
3.	Shri Rajiv Chandlok	Director (Finance)

2. At the Outset, the Chairperson welcomed the Members and the representatives of Indian Oil Corporation Limited (IOCL) to the sitting of the Committee and informed them that the sitting had been convened to take evidence of the representatives of IOCL in connection with the examination of the subject 'Corporate Social Responsibilities in select CPSUs'. Thereafter, he drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of the evidence before the Parliament Committee.

3. The CMD, IOCL then made a brief presentation of the Company's overall profile highlighting the fact that the Company has a Pan-India presence as well as the largest customer interface in their line of business, which was followed by a Power Point presentation explaining the initiatives / programmes undertaken by IOCL in the area of Corporate Social Responsibility (CSR) before as well as after the statutory provisions which made CSR mandatory. Highlight of the PPT were the CSR Budget of Rs.122.28 crore in 2014-15 out of which Rs.113.79 crore were spent. The activities in focus were primary education and quality higher education in Barauni, skill development institute at Digboi aid to a community hospital in Mathura, a children hospital in Cuttack, the Tata Cancer Centre in Kolkata etc. Thereafter, queries and concerns were raised by the members of the Committee which inter-alia included CSR activities to be targeted to the poorest among the poor, on involvement of public representatives *viz. MPs/ MLAs* / local body representatives in implementation of CSR programmes, underutilization of CSR funds, the need to render financial assistance under CSR for treatment of life threatening diseases on the lines of prime Minister's Relief Fund, *etc.* In respect of points for which information was not readily available, the representatives of IOCL were asked to furnish the written information to the Committee secretariat at the earliest.

(The representatives of IOCL then withdrew.)

4. After a brief tea break, the representatives of National Fertilizers Limited (NFL) were called in for tendering oral evidence on their CSR activities. The representatives of NFL then made a Power Point presentation explaining the initiatives / programmes undertaken by NFL in this area. It was informed that Rs. 101.40 lakh was available during 2015-16 for CSR which includes accumulated

unspent funds of previous years. Among the focus areas under CSR in the last five years were children education, social forestry, solar energy, water conservation, women empowerment and health and hygiene in Punjab, Himachal Pradesh, Madhya Pradesh and Uttarakhand. Thereafter, the Chairperson and Members raised queries on various aspects relating to CSR viz. CSR allocation targeting the poor and the most poor and backward areas, consultation with public representatives of the area concerned for selection/ finalization of CSR activities, need of more clarity on carry forward CSR funds, selection of NGOs and Government agencies for execution of CSR projects etc. In respect of points for which information was not readily available, the representatives of NFL were asked to furnish the written information to the Committee Secretariat at the earliest.

The representatives of NFL then withdrew.

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

APPENDIX IX

COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-16)

MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE

The Committee sat on Wednesday, the 28th October 2015 from 1100 hrs to 1330 hrs in Committee Room '62', First Floor, Parliament House, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Lal Krishna Advani
3. Shri Biren Singh Engti
4. Dr. Kambhampati Haribabu
5. Shri Ram Sinh Rathwa
6. Shri Rayapati Sambasiva Rao
7. Prof. Saugata Roy
8. Shri Sushil Kumar Singh

Rajya Sabha

9. Shri Narendra Budania
10. Shri Rangasayee Ramakrishna
11. Shri C.M. Ramesh
12. Shri Tapan Kumar Sen

SECRETARIAT

1.	Smt. Sudesh Luthra	Joint Secretary
2.	Smt. Anita B. Panda	Director
3.	Shri G.C. Prasad	Deputy Secretary

WITNESSES

Representatives of the Ministry of Corporate Affairs

1.	Shri Tapan Ray	Secretary
2.	Shri Pritam Singh	Additional Secretary

Representatives of the Ministry of Heavy Industries & Public Enterprises (Department of Public Enterprises)

1.	Shri Ameising Luikham	Secretary
2.	Dr. Madhukar Gupta	Additional Secretary
3.	Shri J.N. Prasad	Director

Representatives of the Ministry of Mines

1	Shri Balvinder Kumar	Secretary
2.	Shri R. Sridharan	Additional Secretary
3.	Shri Nikunja Bihari Dhal	Joint Secretary
4.	Shri T.K. Chand	CMD, NALCO

2. At the outset, the Chairperson welcomed the Members of the Committee and representatives of the Ministry of Heavy Industries and Public Enterprises (Department of Public Enterprises) and Ministry of Corporate Affairs (MCA). He in his opening remarks stated that the sitting was convened to take evidence of Ministry of Corporate Affairs and Department of Public Enterprises on the subject 'Corporate Social Responsibilities in select CPSUs' after hearing 13 CPSUs on their CSR activities. He also drew their attention to Direction 55(1) of the Directions by the Speaker, Lok Sabha regarding confidentiality of deliberation held at the sitting of the Committee before the Report on the subject is presented to Parliament.

3. The Secretary, MCA then made a Power Point presentation on the subject. Highlights of the PPT were historic perspective of CSR Legislation, Responsibility of CSR Committee and Board, methods of implementation of CSR, timeline for statutory disclosure on CSR, High Level Committee on CSR etc. The Secretary, Department of Public Enterprises (DPE) also briefly outlined the role and functions of

MCA and DPE with regard to CSR. Thereafter, queries and concerns were raised by the members of the Committee which *inter-alia* include demarcation of role and responsibility of DPE and MCA in so far as the implementation of CSR Act / Rules, Guidelines etc are concerned, jurisdiction and control that DPE and MCA exercise on CPSUs in various areas and also with respect to CSR, need for guidelines to suggest that CSR activities to target poorest among the poor, need to include activities such as sponsoring individuals and giving funds for training of own employees under CSR, clarity on activities that can be covered under CSR. The representatives of MCA and DPE replied to the queries in respect of points for which information was not readily available, they were asked to furnish the same to the Committee Secretariat at the earliest.

(The representatives of DPE and MCA then withdrew.)

4. xxxx xxxx xxxx xxxx

5. xxxx xxxx xxxx xxxx

6. xxxx xxxx xxxx xxxx

(The witnesses then withdrew)

A verbatim record of the proceedings has been kept separately.

The Committee then adjourned.

xxxx matter not related to this Report

APPENDIX X

COMMITTEE ON PUBLIC UNDERTAKINGS
(2015-2016)

MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE

The Committee sat on Friday, the 27th November 2015 from 1500 hrs to 1545 hrs in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Shanta Kumar - Chairperson

MEMBERS

Lok Sabha

2. Shri Baijayant Panda
3. Dr. Kambhampati Haribabu
4. Shri Prahlad Singh Patel
5. Shri Sushil Kumar Singh

Rajya Sabha

6. Shri Praful Patel
7. Shri Rangasayee Ramakrishna

SECRETARIAT

1.	Smt. Sudesh Luthra	Joint Secretary
2.	Smt Anita B. Panda	Director
3.	Shri G.C. Prasad	Deputy Secretary

2. At the outset, the Chairperson welcomed the Members to the Sitting of the Committee convened for consideration and adoption of the following draft Reports: -

(i) Corporate Social Responsibility in Select CPSUs;

(ii) Hindustan Organic Chemicals Limited (HOCL); and

(iii) Action Taken by the Government on the Observations / Recommendations contained in the Sixth Report (Sixteenth Lok Sabha) of the Committee on Public Undertakings (2014-15) on Bharatiya Nabhikiya Vidyut Nigam Limited (BHAVINI).

3. The Committee then took up for consideration the draft Report on the subject 'Corporate Social Responsibility in select CPSUs'. Members made suggestions with respect to recommendations at Sl. Nos. 2,3,7,11,14,21,24 and 26. With these suggestions, the Committee adopted the report. The modification in these recommendations in this regard have been given at *Appendix.*

4. xxxx xxxx xxxx xxxx

5. xxxx xxxx xxxx xxxx

6. The Committee then authorized the Chairperson to finalise the aforesaid draft Reports on the basis of factual verification by Ministries/ Departments concerned and present the same to Parliament.

The Committee then adjourned.

xxxx matter not related to this Report

Appendix

(See para 3 of the Minutes dated 27.11.2015)

Sl. No.	Page No.	Recommendation Para No.	Modifications
(i)	(ii)	(iii)	(iv)
1	46	2	*Interchange* the phrases between 7th and 9th line from below. '*poorest among the poor*' and '*marginalised sections of the society*'
2	46	2	*Add* the following in the 5th line from below after the words 'which reiterates the' *'responsibility towards the society and'*
3	48-49	3	*Delete* the text from 'However, in such cases' to 'subsequent para' as appearing in the last nine lines at page 48 and the first line of page 49. *Substitute* the last sentence of the sub-para 3 on page 49 with the following: *'The Committee, therefore, strongly recommend to review sub-section 5 of Section 135 of the Act and make suitable amendments in line with spirit of mandatory allocation to be made under CSR by the Companies.'*
4	51	7	*Delete* the text 'which can be maximum of 15% of the CSR approved allocations' in the 16th line from bottom. *Add* the following text in the 15th line from bottom after the words ' project can be permitted' : *'strictly under justifiable reasons to be carried forward to the next year'*
5	53	11	*Add* the following sentence at the end of 3rd line from bottom after the text 'Office Furniture, Utensils etc'.: *'Its subsidiary CPCL had incurred CSR expenditure on salary to PTA teachers of Government Higher Secondary*

			School in Tiruvallur, Tamil Nadu'
6	54	11	*Delete* line nos. 9 to 18 from above in page 54.
7	55	11	*Add* 4th sub-para at the end as under :- *'Rail Vikas Nigam Limited, which is under the administrative control of the Ministry of Railways, has in the information furnished to the Committee stated that the Ministry of Railways has assigned targets for upgradation of passenger amenities through CSR. Not only that, Railway Board has given similar targets to other CPSUs under its administrative control. The Committee in this regard recommend that under the 'enhanced railways amenities' activities, emphasis should be given to disabled and elderly-friendly infrastructure, for instance escalators / ramps and other modified public utilities, at Railway stations under CSR activities.'*
8	57	14	*In line 8 to 11 from above : for-* 'The Committee therefore would like to recommend that at least 25 percent of CSR allocations should be spent under CSR on other than the local areas which may not only ensure PAN India impact of CSR, but …' Substitute- '*The Committee, therefore, would like to recommend that Company's need to give adequate emphasis while spending CSR allocation on other than the local areas which besides ensuring PAN India impact of CSR, would'*
9	61	21	*Replace* para 21 with the following :- *'While emphasizing again for the involvement of local bodies i.e. Gram Panchayat and Municipalities in the implementation and monitoring of CSR activities, the Committee would like to recommend that the mechanism of social audit may be introduced for the larger involvement of public in the monitoring of CSR activities. Suitable provisions in this regard should be*

			made in the Rules/Guidelines.'
10	63	24	*In the 1st to 4th line from above: for-* *"which can be used for monitoring of assets created under CSR. Though certain CPSUs like CONCOR and PFC have made a beginning in this area, the Committee recommend for such geo tagging to be done by all CPSUs, wherever feasible for greater transparency of CSR activities"* Substitute- *"which used easily with a smart phone having GPS coordinates for online monitoring of assets created under CSR. Though certain CPSUs like CONCOR and PFC have made a beginning in this area, the Committee recommend for such geo-tagging to be done by all CPSUs, wherever feasible and the actual site pictures of the assets so created, through the technology may be uploaded on the website of CPSUs/private Companies."*
11	63-64	26	*Replace* para 26 with the following :- * *'The Committee are pained to see the ever-increasing incidence of critical/ life-threatening diseases among the poor population particularly when the affected person/family are not in a position to bear the cost of treatment of such ailments. Equally disturbing is inadequate and decreasing allocation for health care as is evident from the budgetary allocation made by the Ministry of Health and Family Welfare during the year 2015-16. Not only that budgetary allocation for some of the critical health care programmes like cancer, stroke, cardio vascular diseases, etc during the current year are nil or negligible. The Committee are aware of the fact that the poor are forced to turn towards the moneylenders, pawnbrokers and other undesirable elements of society for financial help to cover the cost of treatment. Hence, assistance provided to the poor under CSR can be of some help to them at a time the poor and their families are fighting against critical health and life threatening ailments. They feel that Companies do their bit under CSR, to mitigate their sufferings under CSR.*

			However, as admitted by the representative of IOCL, the Companies hardly monitor as to whether the CSR funds given by them to hospitals actually benefit the poor patients. In this connection, the Committee appreciate that the PMO, if approached by a serious patient through a detailed proforma certified by the treating hospital for funds to bear the cost of treatment, sends their contribution directly to the hospital itself from the Prime Minister's Relief Fund. The Committee are of the strong view that such humanitarian practices can be replicated by Companies under CSR too so that poor people suffering from terminal illnesses could get some relief through CSR. Hence, they recommend DPE to include this activity in the list of activities under CSR. *The Committee also recommend that a separate cell in Ministry of Health and Family Welfare should be setup to assist and monitor the grant provided to these affected persons through PSUs CSR budget on the pattern of Prime Minister's Relief Fund where relief for treatment is provided to the patient through hospital only. The said cell in the Ministry can also regulate CSR allocations and its utilization by the PSUs and Private Companies for providing health related equipment and infrastructural support to the various health institutions particularly in remote, hilly and backward areas of the country. After identifying the hospitals and medical institutions in the relevant areas, this cell can coordinate, monitor and provide assistance from PSUs and private Companies to these institutions for building up strong infrastructural support/critical medical equipment for super specialty assistance in health care in rural and backward areas of the country.'*

* Relevant data /information required with respect to the recommendation has been added in Part-I of the Report.